

DAILY REPORT

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PRC INTERNATIONAL AFFAIRS
GENERAL

A 1

REN JIANXIN ADDRESSES WORLD LAW CONFERENCE

OW230346 Beijing XINHUA in English 0234 GMT 23 Jul 85

[Text] West Berlin, July 22 (XINHUA) -- Peace and development are the two vital issues in the present-day world, chief Chinese delegate declared at the 12th world law conference opening here today. Chinese jurists would join the people of the world in the effort to preserve world peace, he said.

While actively carrying its socialist modernization, said Ren Jianxin, vice-president of the Chinese Supreme People's Court, China has been making strenuous efforts to strengthen its legal system and judicial work. It has enacted 38 laws and 49 sets of regulations and in the near future, laws of China is expected to become more systematic, he said.

In international affairs, Ren said, China has been persistently carrying out the policy of developing friendly relations with all countries under the Five Principles of Peaceful Co-existence and settling international disputes by peaceful means and through negotiations. The settlement of the Hong Kong issue through consultations between China and Britain has provided new experience in peaceful settlement of international disputes, he said.

He reaffirmed China's position against arms race and in favour of the re-opening of the arms control negotiations between the United States and the Soviet Union. He described China's recent decision to reduce its Army by one million men as a new concrete action to contribute to the safeguarding of world peace.

The chief Chinese delegate expressed the hope that "the World Peace Through Law Center" will make a thorough study in various fields of the topic of world peace through law and make the greatest contributions to the text of safeguarding world peace.

CHEN MUHUA RETURNS FROM UN WOMEN'S CONFERENCE

OW221248 Beijing XINHUA in English 1238 GMT 22 Jul 85

[Text] Beijing, July 22 (XINHUA) -- Chinese State Councillor Chen Muhua returned here today from Nairobi, capital of Kenya, after attending the world conference to review and appraise the achievements of the United Nations Decade for Women.

Chen, who is also an alternate member of the Political Bureau of the Chinese Communist Party Central Committee, was met at the airport by Kang Keqing, vice-chairwoman of the National Committee of the Chinese People's Political Consultative Conference and president of the All-China Women's Federation; Zhang Guoying, vice-president of the Women's Federation; and Kenyan Ambassador to China J.S. Odanga.

GANSU SPONSORS INTERNATIONAL ECONOMIC SEMINAR

OW221809 Beijing XINHUA in English 1502 GMT 22 Jul 85

[Text] Lanzhou, July 22 (XINHUA) -- An international economic and technological seminar sponsored by Gansu Province will start here next Monday, a provincial government spokesman announced today. About 500 business people from all over the world will attend the 12-day seminar. The province will offer 166 projects for foreign funds and technology.

The schemes cover metallurgical, machine-building, petrochemical, coal, power, electronic, building material, pharmaceutical, food processing, textile and light industries, post and telecommunications, farming, animal husbandry and tourism.

The provincial authorities have decided to give preferential treatment to overseas investors on taxes, pricing, supply of ground, labor, raw materials and energy, the spokesman said. Joint ventures and enterprises with sole foreign ownership will be protected by the Chinese law.

Gansu, in the central part of northwest China, is bestowed with rich natural resources. It has verified 64 kinds of minerals, including 22 ranking first to fifth in China. Its deposit of nickel is second only to Canada. It also has six billion tons of coal reserves and 230 million tons of oil. In addition, it grows 950 varieties of medical herbs.

Lanzhou, capital of the province, is connected by railways with coastal Jiangsu Province, Xinjiang and Qinghai in the west, Inner Mongolia in the north. Airlines link it with Beijing, Shanghai, Guangzhou, Xian, Yinchuan, Lhasa, and other cities. The province has 5,000 enterprises involving non-ferrous metals, petrochemistry, machine-building, woollen spinning, tanning and hydraulic power.

350 REPORTERS TO COVER WORLD SOCCER TOURNAMENT

OW191959 Beijing XINHUA in English 1511 GMT 19 Jul 85

[Text] Beijing, July 19 (XINHUA) -- Some 350 reporters -- 66 from abroad -- will rub shoulders in stadium press boxes, telephone booths and post offices in China from July 31 to August 11 in their coverage of the first FIFA [Federation Internationale Football Association] under-16 world tournament for the Kodak Cup.

The Chinese organizing committee today disclosed that reporters, photographers and TV cameramen from Costa Rica, Bolivia, Argentina, Mexico, Italy, the Federal Republic of Germany, Brazil, Qatar, Australia, the United States, Nigeria and France as well as Beijing-based foreign news agencies will join their Chinese counterparts from 44 news agencies, newspapers, magazines and TV and radio stations to cover the 16-team, three-round tournament, the first of its kind in the 81-year history of FIFA, the world governing body of soccer.

Nigeria will send 19 reporters to lead the 12 foreign countries, followed by Argentina with 10 and the Federal Republic of Germany with seven.

The China central TV station and the central people's radio station topped the local press units with 50 reporters, for they will be telecasting matches in Beijing, Shanghai, Tianjin and Dalian.

According to the organizing committee, the post and telecommunications departments in the above-mentioned four cities have installed telex and special international long-distance telephone apparatus in stadiums and hotels to for the reporters render services.

PRC Prepares To Host Kodak Cup

OW220801 Beijing XINHUA in English 0732 GMT 22 Jul 85

[Text] Beijing, July 22 (XINHUA) -- As China prepares to host the Kodak Cup, the first international soccer tournament for boys aged 16 and under, football fever is rising in the country.

Unlike the mass appeal of table tennis or badminton -- sports in which China has been a dominant force for many years -- football isn't as popular in comparison.

The Chinese have long been football enthusiasts, but the sport has never reached the level of popularity here, among athletes or fans, that it enjoys in Europe and Latin America. This can be attributed in part to China's lack of success against foreign teams, at home and abroad.

Chinese men's basketball and volleyball teams have been competitive internationally for several years. However, the best China has ever done in international competition was runner-up at the Asian Cup tournament last December.

China has never advanced beyond the zonal stage in World Cup or Olympic qualifying competition. With the May 19 loss in the World Cup qualifier against Hong Kong, China's football fortunes reached a new low.

Now, Chinese sports organizations are trying to improve the standards of play and boost interest in football. Officials hope the upcoming Kodak Cup, China's first tournament sanctioned by the international football federation FIFA, will give the sport a much-needed lift.

Chinese Vice Sports Minister Xu Yinsheng, who is also chairman of the Kodak Cup tournament organizing committee, said China should study the football training and development techniques employed by successful countries and foster new interest in the sport.

A special football school was founded in March this year in Dalian, one of the host cities for the Kodak Cup. The school, run by Dalian social organizations and businesses in the city, will enroll students from all over China. Students will receive a three-year course, including football theory and training sessions. The students, men and women, are mostly junior middle school graduates, around 15 years of age.

In Beijing, a soccer school for boys between five and six years old opened in June. Noted former Chinese football player Zhou Guangda, honorary president of the school said the purpose of the school is to give the youngsters solid basic training as early as possible.

Despite the required entry fee, hundreds of parents sought to enroll their children in the school.

The national governing body -- the Chinese Football Association, holds three annual national tournaments: for boys under 12 years of age, under 14 and under 16.

LI XIANNIAN ARRIVES IN WASHINGTON, BEGINS VISIT

Delegation Arrives

OW221619 Beijing XINHUA in English 1612 GMT 22 Jul 85

[Text] Washington, July 22 (XINHUA) -- Chinese President Li Xiannian arrived here at 11:30 a.m. (local time) today to begin a ten-day state visit to the United States.

President Li is the first Chinese head of state ever to visit the United States. Chinese leaders Deng Xiaoping and Zhao Ziyang visited this country in 1979 and 1984 respectively.

President Li is expected to hold talks with President Ronald Reagan and other U.S. leaders on international and bilateral issues.

The Chinese president is scheduled to leave Washington on July 25 and proceed to Chicago, Los Angeles and Honolulu before departing for home on July 31.

Arriving here by the same plane were also Chinese Vice-Premier Li Peng, State Councillor Ji Pengfei, member of the Standing Committee of the National People's Congress Wang Zhaoguo and other members of Li's entourage.

Greeted by Shultz

OW221746 Beijing XINHUA in English 1734 GMT 22 Jul 85

[Text] Washington, July 22 (XINHUA) -- Chinese President Li Xiannian flew in here today from Niagara Falls to start officially his state visit to the United States. Li is the first Chinese head of state ever to visit the United States.

The special plane carrying him and his wife Lin Jiamei landed at the Andrews Air Force Base at 11:30 a.m. (local time).

Among those arriving with them were Vice-Premier Li Peng, State Councillor Ji Pengfei, member of the Standing Committee of the National People's Congress Wang Zhaoguo.

President Li and his party were warmly greeted at the airport by U.S. Secretary of State George Shultz and Mrs. Shultz, Assistant Secretary of State for East Asian and Pacific Affairs Paul Wolfowitz and Mrs. Wolfowitz, and other U.S. high-ranking officials.

In a written statement issued upon his arrival, Li said: "It gives me great pleasure to visit the United States of America at the invitation of President (Ronald) Reagan." On behalf of the Chinese people, he extended cordial greetings and best wishes to the American people.

He said that he would "exchange views with President Reagan and other U.S. Government leaders on the furtherance of bilateral relations and other questions of common interest."

"I also wish to get acquainted with people of various circles in your country," he added.

He pointed out: "For China and the United States, two great countries situated on the opposite sides of the Pacific, to carry out frequent high-level contacts and explore avenues to sustained and stable growth of the Sino-U.S. relations will no doubt serve the interests of world peace as well as of the Chinese and American peoples. I hope that, with our joint efforts, my current visit will be a success."

Representatives from local Chinese communities and Chinese students and scholars in the United States were also at the airport to greet him.

President Li and his party had had one-day stopover at the American border city of Niagara Falls, where they enjoyed the views of the great falls.

HONG KONG OFFICIAL LOBBIES AGAINST JENKINS BILL

OW191900 Beijing XINHUA in English 1654 GMT 19 Jul 85

[Text] Hong Kong, July 19 (XINHUA) -- Hong Kong's commissioner for commercial affairs in New York, William Dorward, met with some influential U.S. congressmen yesterday to convey to them Hong Kong's deep concern over the protectionist Jenkins bill.

Official sources revealed here today that the congressmen had noted Hong Kong's arguments against the Jenkins bill, but also pointed to the growing support for it in the U.S. Congress.

Dorward told the congressmen that the bill was fundamentally unfair to Hong Kong, which is a completely open market for U.S. goods as well as those from any other country.

A new, broad based coalition against the controversial Jenkins bill representing consumers, exporters, farmers, port administrations and shippers -- the Coalition to Preserve International Trade (CPIT) has sprung up in the U.S.

Hong Kong Trade Department Deputy Director Donald Tsang said yesterday that the fight against the bill continued to grow within the U.S. and he believed that the bill was likely to be watered down before being put to a congressional vote in October.

Opposition to the bill was originally centered on the east coast of the U.S., but "splinter groups" such as the American Free Trade Association, a California-based group representing farming interests, have begun activities on the west coast, Tsang said.

He noted that about 100 companies were participating in the CPIT, which is a larger coalition than the original Retail Industry Trade Action Coalition (RITAC) set up in May by major American retail companies and importers.

REAGAN LETTER READ AT OPENING OF JOINT S & T OFFICE

OW191714 Beijing XINHUA in English 1649 GMT 19 Jul 85

[Text] Beijing, July 19 (XINHUA) -- The U.S. National Academy of Sciences and the U.S. Committee on Scholarly Communication With the People's Republic of China opened a joint office here today.

Song Jian, minister of the State Science and Technology Commission, conveyed his greetings on the establishment of the office on behalf of the science and technology leading group under the State Council and his commission. He said, the establishment of the office marked a new stage in cooperation and the building of a new bridge between scientists of the two countries.

He said, the two U.S. academic organizations established cooperative relations with the Chinese Academy of Sciences and the China Association for Science and Technology in 1973. China and the United States have signed agreements on more than 400 cooperative projects in 24 scientific fields and exchanged thousands of students and scholars.

Herbert Horowitz, charge d'affaires ad interim of the U.S. Embassy here, read a letter from President Ronald Reagan addressed to the U.S. National Academy of Sciences and the Chinese Academy of Sciences. Reagan said that the opening of an American academic office in Beijing was a milestone in the U.S.-China educational, scientific and technical relationship.

Addressing the opening ceremony, Yan Dongsheng, vice-president of the Chinese Academy of Sciences, said the opening of the office would help scientists and educators of the two countries deepen their understanding and friendship, and contribute to scientific advances in the world.

Professor Walter Rosenblith, foreign secretary of the U.S. National Academy of Sciences, presided over the opening ceremony.

HUANG HUA ADDRESSES EDGAR SNOW SYMPOSIUM

OW191707 Beijing XINHUA in English 1633 GMT 19 Jul 85

[*"Youth Urged To Emulate Snow" -- XINHUA headline*]

[Text] Hohhot, July 19 (XINHUA) -- A senior Chinese official today called on Chinese youth to learn from the spirit of internationalism shown by the American journalist Edgar Snow and make efforts to contribute to mutual understanding among the world's peoples, so as to help promote world peace.

Huang Hua, vice-chairman of the Standing Committee of China's National People's Congress, made this call at a symposium which opened in this capital of the Inner Mongolia Autonomous Region today in commemoration of the 80th anniversary of the birth of the American journalist.

Snow, author of the book, "Red Star Over China" and a dozen other books, was the first Western journalist to tell the world about the real situation in China in the late 1920s and the New China in its cradle stage in the 1930s. For the rest of his life he showed sympathy and support for the Chinese people's endeavor to build a new country.

Huang Hua called Snow a "sincere friend of the Chinese people," representative of a group of internationalists who dedicated their youthful years or even their lives to China's revolution.

Historians, scholars, writers and artists should study Snow and other internationalists and publicize their deeds, the vice-chairman said.

The five-day symposium is co-sponsored by the Smedley-Strong-Snow Society of China (S.S.S. Society) of which Huang Hua is president, and the China Society of International Journalism.

Results of research on the life and works of Snow will be made known at the symposium, with the focus on his 1929 visit to Saratsi, Inner Mongolia, where he saw the miseries of thousands of people dying of starvation. Snow called this visit the "awakening point of his life" in many of his books.

Deng Yingchao, chairman of the National Committee of the Chinese People's Political Consultative Conference and honorary president of the S.S.S. Society, sent a message of congratulations on the convening of the symposium.

Among the 80 attendants are Snow's wife, (Lois Wheeler Snow) Rewi Alley, editor-in-chief of the magazine CHINA RECONSTRUCTS, Israel Epstein, William Hinton and other friends of the Chinese people who have worked in China for decades.

TAYLOR WANG NOTES PRC PROGRESS IN ASTRONAUTICS

OW221145 Beijing XINHUA in English 0749 GMT 22 Jul 85

[Text] San Francisco, July 20 (XINHUA) -- China's astronautics industry has made good progress despite a long-term blockade and embargo imposed by some countries, the Chinese-American astronaut Taylor Wang said here today.

Speaking to reporters at the airport here on his return from a two-week visit to China, Wang said that Chinese scientists and technicians, relying on their own skills, had forged ahead despite the obstacles to establish an astronautics industry in China.

When asked whether he will act as a "bridge" between the mainland and Taiwan, Wang replied he would like to do anything that was in the interests of the Chinese.

Wang will proceed to Washington to attend receptions hosted separately by U.S. President Ronald Reagan and Chinese President Li Xiannian. He will then return to his home in Los Angeles where he will welcome President Li.

GU XIULIAN MEETS, FETES ELLIOT RICHARDSON

OW200541 Nanjing XINHUA RIBAO in Chinese 25 Jun 85 p 1

[Text] On 23 June, Governor Gu Xiulian met and feted former U.S. Secretary Elliot Richardson and his six-member party. During the meeting, Governor Gu Xiulian held cordial and friendly conversations with the guests. Mr Richardson indicated that he is willing to make active efforts to promote Sino-U.S. trade and friendly relations. Mr Richardson and his party arrived in our province for a visit on 20 June at the invitation of Huaning International Technology and Trade Company.

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PRC INTERNATIONAL AFFAIRS
NORTHEAST ASIA

D 1

PRC 'CONCERNED' ABOUT TRADE DEFICIT WITH JAPAN

CW221700 Beijing XINHUA in English 1615 GMT 22 Jul 85

[Text] Beijing, July 22 (XINHUA) -- Concerned about China's growing trade deficits with Japan, its No. 1 trade partner, Chinese trade circles here are frequently heard emphasizing the need for Japan to import more from China.

To promote Sino-Japanese trade, they further note, the Japanese Government should remove the artificial obstacles, such as restrictions on the import of Chinese rice straw and rice straw products, and conscientiously implement the silk agreement between the two sides.

While Sino-Japanese trade climbed more than six times in the 1973-84 period to 12,728 million U.S. dollars, according to trade sources, China's trade deficit with Japan was a record 2,000 million U.S. dollars in 1984 and 1,900 million U.S. dollars in the first four months of this year. Such tremendous deficits will be bound to hamper the trade between the two countries, trade circles fear.

China has great potential to expand its exports to Japan, they say. In the near future, it can increase the quantity and variety of exported petroleum and petroleum products. It can supply Japan with maize, soybeans, cotton and vegetables on a stable, long-term basis, and export textiles, garments and traditional commodities such as chestnuts, raw lacquer and rosin.

Only when China's exports to Japan increase considerably can China earn enough hard currency to buy Japanese technology and equipment, they note.

Trade circles point out that the two batches of loans provided by the Japanese Government will promote the growth of Sino-Japanese economic and trade relations.

They also hope that Japanese entrepreneurs will overcome their misgivings about transferring technology to China and invest more in joint ventures, especially in the manufacturing industries.

The two governments will hold their fourth meeting this year to negotiate the trade agreement for 1986 to 1990, and it is expected that the meeting will play a positive role in establishing a long-term and stable economic and trade relationship between the two neighboring countries.

JAPANESE BUSINESSMAN EXPECTS TO INCREASE PRC TRADE

CW221128 Beijing XINHUA in English 1032 GMT 22 Jul 85

[Text] Beijing, July 22 (XINHUA) -- C. Itoh and Co. Ltd. of Japan expects to increase its trade volume with China to 2.9 billion U.S. dollars in the April 1985-March 1986 period.

Executive Vice-President of the company Teruo Hotta announced this at a news briefing held before opening a Japanese fabrics exhibition here today.

He said the volume of two-way trade had topped 700 million U.S. dollars in the first three months (April to June).

On show at the three-day exhibition are natural fibers, chemical fibers, fabrics and clothing materials, totalling more than 1,800 kinds and provided by 80 Japanese companies.

The exhibition is co-sponsored by C. Itoh, the China National Textiles Import and Export Corporation and the China Silk Company.

C. Itoh is one of the largest Japanese companies trading with China. The volume of its transactions came to 2.4 billion U.S. dollars during the April 1984-March 1985 period, ranking first among Japanese companies doing business with China, or accounting for about one-fifth of the total Japanese trade with China.

Replying to a question, Teruo Hotta said his company has carried out economic cooperation with garment and silk factories in Beijing, Suzhou and other cities in the forms of processing with supplied materials and compensation trade for seven years.

In addition to the textile industry, five more contracts were signed recently with the company's Chinese counterparts in such fields as energy construction, machine-building, metallurgy, chemicals and food processing, he added.

He said he hoped to expand trade with China by taking advantage of the company's broad links worldwide. The company has agents in more than 140 cities all over the world, he said. It has also set up eight resident offices in China's major cities.

WANG ZHEN, DELEGATION CONTINUE TOUR OF JAPAN

OW222025 Beijing XINHUA Domestic Service in Chinese 1755 GMT 20 Jul 85

[By reporter Long Zhanquan]

[Text] Sapporo, 20 Jul (XINHUA) -- A delegation from the China-Japan Friendship Association led by Wang Zhen, member of the Political Bureau of the CPC Central Committee and honorary president of the association, continued the tour of Hokkaido today.

Accompanied by Haruo Okada, member of the House of Councillors, Wang Zhen and his entourage visited Machimura and Yuasa pastures, viewed their milchcows and stud stock, and had friendly conversations with their owners.

On 19 July, Wang Zhen and his entourage visited the Hokkaido Exploration Memorial Hall. The Hokkaido Prefectural Government gave a dinner to welcome Wang Zhen and his entourage in the evening. Speaking at the dinner, Vice Governor Tasao Satake expressed the hope for a wide-range exchange of friendly activities between China and Hokkaido in order to continuously deepen the friendly relations between Japan and China. Wang Zhen and his entourage will leave for Tokyo tomorrow.

Visit Tsukuba Expo '85

OW222024 Beijing XINHUA in English 1842 GMT 22 Jul 84

[Text] Tokyo, July 22 (XINHUA) -- A Chinese delegation headed by Wang Zhen, honorary president of the China-Japan Friendship Association, today visited Japan's 1985 science exposition at Tsukuba, about 60 kilometers northeast of Tokyo.

Wang, who is also member of the Political Bureau of the Central Committee of the Chinese Communist Party, was guest of honor here this evening at a banquet given by Utsunomiya Tokuma, president of the Japan-China Friendship Association.

Wang was awarded the title of honorary citizen of Ibaraki at a banquet last night given by Takeuchi Fujio, governor of Ibaraki where the science exposition is located. The delegation arrived in Ibaraki from Tokyo yesterday afternoon, and returned here for a visit this afternoon.

ZHANG JINGFU ADDRESSES SINO-JAPANESE LAW SEMINAR

OW221713 Beijing XINHUA in English 1651 GMT 22 Jul 85

[Text] Qingdao, July 22 (XINHUA) -- China is an attractive and desirable market for foreign investment, said State Councillor Zhang Jingfu at a Sino-Japanese seminar on economic laws which opened here today.

He listed the country's political stability and good faith in doing business, steady economic growth, the improved legal system, and great potential in trade to back up his statement.

Further strengthening of the Sino-Japanese ties of economic and technical cooperation, he said, will be beneficial not only to the prosperity of both countries but also to peace in Asia and the rest of the world.

The seminar, attended by more than 200 Chinese and Japanese law specialists, lawyers and entrepreneurs, aims to promote the economic cooperation between the two countries. Business talks will also be held during the meeting.

Foreign investment and cooperation with China are protected by the law, said Zou Yu, Chinese minister of justice, in his congratulatory speech at the opening meeting.

He told the meeting that China's National People's Congress and its Standing Committee adopted 40 laws from 1979 to last June while the State Council promulgated more than 300 regulations. In addition, local governments adopted 540 regulations. Of all these, more than 50 laws and regulations are related to foreign economic relations.

Speaking at today's meeting was also Yoshitsugu Izumida, mayor of Shimonoseki City and special advisor to the Japanese delegation. A congratulatory letter from Japanese Foreign Minister Shintaro Abe was read out.

TRADE MISSION MEETS NIKAIDO, ENDS JAPAN VISIT

OW190821 Beijing XINHUA in English 0722 GMT 19 Jul 85

[Text] Tokyo, July 19 (XINHUA) -- Vice-President of the ruling Liberal Democratic Party (LDP) of Japan Susumu Nikaido has expressed the hope that the existing Sino-Japanese relations should be further strengthened through trade.

Nikaido said this to the visiting mission headed by Wang Guangying, chairman of Everbright Industrial Corporation. The Chinese trade mission ended its two-week visit and left here today for Hong Kong.

On behalf of Prime Minister Yasuhiro Nakasone who is now on a visit in Western Europe, Nikaido said, Japan and China should always maintain their friendly and cooperative relations in order to eliminate the danger of war and achieve peace.

Wang paid tribute to Nikaido for his contribution to the normalization of Sino-Japanese diplomatic relations and Sino-Japanese friendship, and also hoped that the friendly and cooperative relations between the two countries could be further deepened through doing business.

Japanese Foreign Minister Shintaro Abe, Minister of Finance Noboru Takeshita and other high-ranking officials met with the mission separately during its visit here.

Wang and his entourage arrived here on July 5 at the invitation of Marubeni Co. of Japan for business investigation and visit.

NORTH, SOUTH KOREA OPEN RED CROSS TALKS

OW190937 Beijing XINHUA in English 0854 GMT 19 Jul 85

[Text] Panmunjom, July 19 (XINHUA) -- Red Cross delegates from both sides of Korea met today for the second round of talks, but failed to agree on how to arrange for mutual visits by artists and other civilians.

Chief delegate of the North side Pak Yong-su said after the talks that the two sides had sincerely exchanged views in the meeting but failed to reach an agreement. However they agreed to continue the talks and the date for the next round will be fixed later.

Both sides of Korea, at the talks today and on July 15, agreed to exchange visits between Red Cross art troupes and home-visiting groups to be led by the chiefs of the Red Cross organisations of the two sides on the occasion of the 40th anniversary of national liberation. But there are differences between the two sides on the size of the art troupes and the home-visiting groups and the press groups to accompany the visitors, and on where the reunions should take place.

The North side insisted that the visits should be limited to Pyongyang and Seoul while the South side said the visitors should go to their hometowns.

DPRK PROTESTS TRIAL OF S. KOREAN STUDENTS

OW201334 Beijing XINHUA in English 1326 GMT 20 Jul 85

[Text] Pyongyang, July 20 (XINHUA) -- The Committee for the Peaceful Reunification of the Fatherland of Korea strongly protested in a press communique against the trial by the South Korean authorities of patriotic students who once occupied the U.S. Information Service building in Seoul two months ago, it is reported here today.

On July 15, the South Korean authorities started the trial of 20 students arrested during the occupation of the U.S. Information Service building in May. The students repudiated the trial, saying that they "cannot believe in the impartiality of the 'ministry of justice'". Their position won the support of the audience. Defense counselors too, had challenged the legality of the trial.

Consequently, the trial was suspended till July 29.

The committee asked the South Korean authorities to end the trial and release the students unconditionally.

The newspapers here have in the last few days carried articles supporting the just struggle of the students against the unlawful trial.

ZHANG AIPING ENDS PORTUGAL VISIT, RETURNS HOME

OW222059 Beijing XINHUA in English 2031 GMT 22 Jul 85

[Text] Lisbon, July 22 (XINHUA) -- Chinese State Councillor and Defence Minister Zhang Aiping has concluded a week-long visit to Portugal and left here today for home. Among those present at the airport to see him off were Almirante Sousa Leitan, acting chief of the General Staff of the Portuguese Armed Forces and chief of staff of the Navy.

During his stay here, Zhang visited a military unit and some military facilities. He had met separately with President Ramalho Eanes, Prime Minister Mario Soares, and Vice-Prime Minister and Defence Minister Rui Machete. Before he came to Portugal, Zhang had visited Pakistan and Romania.

HU QILI MEETS BELGIAN CP LEADING MEMBERS

OW221304 Beijing XINHUA in English 1255 GMT 22 Jul 85

[Text] Beijing, July 22 (XINHUA) -- Hu Qili, member of the Secretariat of the Chinese Communist Party Central Committee, met here today with Jacques Moins, member of the Political Bureau of the Belgian Communist Party Central Committee, and Rosine Lewin, member of the Belgian Communist Party Central Committee.

Hu Qili discussed with the Belgian comrades the relations between the Chinese and Belgian Communist Parties. Both sides were satisfied with the expanding exchanges between the two parties since they restored their relations in May 1983.

Hu Qili also briefed the visitors on China's economic situation. Later, Hu Qili hosted a dinner for Moins and Lewin. The Belgian visitors came to China July 4 on vacation. Following their arrival they had a tour of Shanghai, Hangzhou and other cities.

NPC'S RONG YIREN MEETS AUSTRIAN MINISTER

OW221300 Beijing XINHUA in English 1246 GMT 22 Jul 85

[Text] Beijing, July 22 (XINHUA) -- Rong Yiren, vice-chairman of the National People's Congress Standing Committee, met here today with Ferdinand Lacina, minister for public economy and transport of Austria. Li Dongye, Chinese minister of the metallurgical industry, was also present.

SINO-BRITISH LIAISON GROUP HOLDS LONDON MEETING

OW221707 Beijing XINHUA in English 1700 GMT 22 Jul 85

[Text] London, July 22 (XINHUA) -- The Sino-British Joint Liaison Group started its first session at the Foreign Office here this morning. The Chinese team headed by senior representative Ke Zaishou and the British team led by senior representative David Wilson attended the session.

This evening, British Minister of State for Foreign and Commonwealth Affairs Richard Luce is going to host a dinner in honor of all the participants of the session. The first session will last four days. Ke Zaishou and his party arrived here on July 19. Wilson and Chinese Ambassador to Britain Mu Dingyi met them at the airport. Under the annexes of the Sino-British joint declaration on Hong Kong, the functions of the Joint Liaison Group shall conduct consultations on the implementation of the joint declaration, to discuss matters relating to the smooth transfer of government in 1997, to exchange information and conduct consultations on such subjects as may be agreed by the two sides. The group will meet at least three times a year, rotating in Beijing, London and Hong Kong.

I. 23 Jul 85

PRC INTERNATIONAL AFFAIRS
MIDDLE EAST & AFRICA

II

PRC, MAURITANIA RECOGNIZE 20TH ANNIVERSARY

Li Xiannian Sends Greetings

OW191640 Beijing XINHUA in English 1615 GMT 19 Jul 85

[**"20th Anniversary of Establishment of China-Mauritania Diplomatic Relations"** -- XINHUA headline]

[Text] Beijing, July 20 (XINHUA) -- Chinese President Li Xiannian extended warm greetings to Mauritania's head of state on the 20th anniversary of the establishment of diplomatic relations between the two countries.

In his message dated on July 18, Li told Maayouia Ould Sid'Ahmed Taya: "In the past twenty years, China and Mauritania, on the basis of the Five Principles of Peaceful Coexistence, confided in and supported each other and made satisfying progress in improving friendly relations and cooperation between the two countries and peoples. The friendship and cooperation between China and Mauritania, in addition to serving the interests of both countries, also serves to strengthen unity and cooperation among Third World countries."

He said: "The Chinese Government and people will, as always, expand cooperation while adhering to the principles of equality and mutual benefit. The result will be the achievement of common progress."

Mauritania's Taya Greets Li

OW191631 Beijing XINHUA in English 1613 GMT 19 Jul 85

[Text] Nouachott, July 19 (XINHUA) -- Mauritanian President Maayouia Ould Sid'Ahmed Taya today thanked China for its generous aid to his country in accordance with the principles of mutual respect and non-interference in each other's internal affairs.

His thanks were contained in a message of greeting Thursday to Chinese President Li Xiannian on the occasion of the 20th anniversary of the establishment of diplomatic relations between the two countries.

Taya said the Mauritanian people were fully satisfied with the fruitful cooperation between the two countries. They are able to give just appraisal of the efficiency discretion and with which the Chinese economic and technical assistance has brought to the development of Mauritania. He believed that the friendly economic and technical cooperation between the two countries would continue to grow.

Wu Xueqian at Reception

OW191702 Beijing XINHUA in English 1644 GMT 19 Jul 85

[**"Beijing Marks Anniversary of Sino-Mauritanian Relations"** -- XINHUA headline]

[Text] Beijing, July 19 (XINHUA) -- The 20th anniversary of the establishment of diplomatic relations between China and Mauritania was marked at a reception given by Mauritanian Ambassador to China Youssouf Diagana here tonight.

Among the guests were State Councillor and Minister of Foreign Affairs Wu Xueqian, and advisor to the Foreign Ministry and President of the Chinese People's Association for Friendship With African Peoples Gong Dafei.

Addressing the reception, Ambassador Diagana described Sino-Mauritanian relations in all fields over the past two decades as "excellent."

Describing China's assistance to Mauritania as "selfless," the ambassador said that the Mauritanian Government would make unremitting efforts to push forward various forms of cooperation with China.

In reply, Wu Xueqian said that Sino-Mauritanian relations, based on the Five Principles of Peaceful Coexistence, are relations of understanding, sympathy, sincerity and friendship. Such relations have yielded fruit in various fields, he added.

Discussing the issue of assistance, Wu said that assistance is "mutual." A cornerstone of China's foreign policy is to strengthen unity and cooperation with Mauritania and other Third World countries, he stressed.

"We sincerely hope that, based on the principles of equality, mutual benefit and common development, China and Mauritania will further expand cooperation in various fields with a view to making it an example for Third World countries in economic and technical cooperation," Wu concluded.

Amity Society Reactivated

OW212018 Beijing XINHUA Domestic Service in Chinese 0803 GMT 20 Jul 85

[Text] Nouakchott, 19 Jul (XINHUA) -- To celebrate the 20th anniversary of the establishment of diplomatic relations between Mauritania and China, a ceremony to reactivate the Mauritanian-Chinese Friendship Association was held here today.

On behalf of the Chinese Government, Chinese Ambassador to Mauritania Sun Hao congratulated the association on reactivating its activities and presented it with a video-tape recorder, a television set, and a number of books.

Founded in 1971, the Mauritanian-Chinese Friendship Association once suspended its activities because of internal reasons.

The association held a reception in the evening to celebrate the 20th anniversary of the establishment of Mauritanian-Chinese relations.

YANG DEZHI TALKS WITH ALGERIAN DELEGATION

OW191830 Beijing XINHUA in English 1455 GMT 19 Jul 85

[Text] Beijing, July 19 (XINHUA) -- Yang Dezhi, chief of General Staff of the Chinese People's Liberation Army met a group of Algerian veterans including Youcef Yalaoui, member of the Central Committee of the Algerian National Liberation Front Party and general secretary of the national veterans organization, here this afternoon.

Yang Dezhi recalled the history of relations between the Chinese and Algerian Armies, and also gave a brief account of the Chinese Army reform and reduction to the Algerian delegation.

Yalaoui said that the Algerian people would always remember the support the Chinese people gave to them. He also hoped the friendly co-operation between the two countries, two Armies and two peoples would be continuously strengthened and developed.

The Algerian veterans arrived in Beijing July 11 at the invitation of the General Political Department of the Chinese People's Liberation Army.

FURTHER ON LI XIANNIAN, DELEGATION CANADA VISIT

Li on Economy, USSR

OW230822 Beijing XINHUA in English 0810 GMT 23 Jul 85

["Li Xiannian on Domestic and Foreign Policy Issues" -- XINHUA headline]

[Text] Toronto, July 22 (XINHUA) -- Chinese President Li Xiannian said in a televised interview broadcast in Canada tonight that China's economic policy of opening to the outside world constituted a "very important decision" and a "fundamental policy matter."

In an exclusive interview with the Canadian Broadcasting Corporation, President Li said: "Gone are the days when countries could develop themselves behind closed doors. So now I think the world is an open world. Information is a very important thing. It helps countries to develop."

With China more open to the outside world, the president said, "The negative things will come to China together with good things. My attitude is that we are not afraid of the negative things. We will educate our people to reject them, criticize those who have committed those kinds of errors and penalize those who have made serious errors."

The president said: "I think the Chinese Communist Party has endured many tests in the past years. We have the ability to reject and resist contaminations."

Asked about Sino-Soviet relations, President Li said: "Vice Premier Yao Yilin was in Moscow to negotiate and sign a long-term trade treaty with the Soviet Union. It is true that Gorbachev has said a few times he hopes relations between China and the Soviet Union will show major improvement. But what does Gorbachev mean by showing major improvement? In what way does he hope the relations between China and the Soviet Union will improve? We have to wait and see."

The president said that three obstacles standing in the way of improved Sino-Soviet relations -- Soviet troops deployed along the Sino-Soviet and Sino-Mongolian borders, the Soviet occupation of Afghanistan and Soviet support for the Vietnamese invasion of Kampuchea -- "have not been removed," and they "constitute a threat to China's security."

President Li continued that the Soviet Union "refuses to talk about removing the obstacles on the ground that improvement in Sino-Soviet relations should not harm the interests of a third country. I think their argument is unjustifiable."

I think that even if Sino-Soviet relations are improved, they will not return to the state they were in the 1950s. China pursues an independent policy. China will not enter into an alliance with or submit to any big power."

Li Peng Tours Nuclear Plant

OW221357 Beijing XINHUA Domestic Service in Chinese 0203 GMT 21 Jul 85

[By reporter Zhu Sixiang]

[Text] Toronto, 20 Jul (XINHUA) -- Chinese Vice Premier Li Peng, who accompanied President Li Xiannian on his visit to Canada, toured the (Pickering) nuclear power plant in suburban Toronto this afternoon.

When Li Peng arrived at the nuclear power plant, he was greeted by (Tom Campbell), chairman of the Board of Directors of the Ontario Hydropower Company, and power plant officials. The officials briefed Li Peng on the facilities and operations of the plant. Later, Li Peng toured the technical workshop, the waste material processing system, and the main control room. Li Peng made detailed inquiries about technical problems of the nuclear power plant.

Afterward Li Peng again toured Ontario Province's training center for hydropower and nuclear energy. Also touring the nuclear power plant was Wang Zhaoguo, NPC Standing Committee member. On the afternoon of 19 July, Vice Premier Li Peng visited the Toronto food processing research center.

Canadian Envoy on Visit

OW201855 Beijing in English to North America 0000 GMT 19 Jul 85

[Excerpts] Canadian Ambassador Richard Gorham spoke highly of President Li Xiannian's current visit to Canada. Our reporter (Zhang Jianhua), commenting on the president's trip, interviewed the ambassador:

[Begin Gorham recording] I think the visit has been very successful, at least from the Canadian point of view. I think the Chinese side also feels it has been successful. And the reason I say that is that the president and his senior aides, vice premier, and state councillor and so on who have accompanied him have had an opportunity to see several Canadian cities, to see something about our way of life, and to talk to our government leaders and to our business people. They can understand the sincere interest that Canada has in expanding and improving our relations with China, and doing business with China, selling goods to China and seeing China sell goods to Canada.

We have had useful discussions on political and economic matters. We have signed agreements not only to extend our 1974 trade agreement but to make it open-ended so that we will no longer have to renew it every 3 years. That, I think, is a very significant indication of the ways our trade has developed. Also, both sides agreed that it will obviously be a continuing and positive thing and we do not have to sit down together every 3 years and decide whether we will continue this sort of relationship. We have also agreed to establish an economic, joint agricultural committee. And we have indicated that we expect to have a science and technology memorandum of understanding signed in the next few months. We hope that our negotiators who have been active in negotiating double taxation agreement will reach an early conclusion. And, as was mentioned a short time ago, we concluded a number of animal quarantine agreements, which now provide the opportunity for cattle and animal export to China which will be helpful in including the dairy and poultry industry in China. I think that all these things are very positive developments and we look forward to establishing even further relationships in other sectors -- nuclear energy, educational exchanges, satellite communications, remote sensing, all these things, I think, will be accomplished in the next few months after his visit.

I think the most significant thing is that it is the first time in history that a Chinese president has visited Canada, and it has attracted a great deal of positive attention. I think that is the significance of his visit.

From my point of view, we are obviously pleased to see the Chinese policy of opening to the West because we are part of the West and it enables us to join in this tremendous modernization experiment that is going on in China. We believe that through that modernization process, China will achieve greater economic prosperity, which will mean social and political stability, and I think that is in the interest of not only the people of China but the people of the rest of the world.

In terms of political cooperation, we have agreed to regular consultations on political exchanges of views on the political situation and the international situation, exchanges of views on the agenda of the United Nations, and problems that are occurring there, and also on the question of disarmament. For Canada, which is in relative terms a small country, to enjoy that sort of, quote, friendly relationship to provide opportunities for friendly and frank dialogue on these important subjects with a country that is a permanent member of the Security Council, a nuclear power, and a great nation -- this is a great advantage to us.

Economic prospects are, from our point of view, very exciting and very positive. As I mentioned, we have recently concluded a series of animal quarantine agreements. We anticipate large-scale sales of breeding cattle, fine poultry, semen, embryos -- these things are now starting. We, of course, have had a long history of excellent markets in China for Canadian meat. The sale of wheat has decreased now but we see that this will still be a good market. We are having very useful discussions on possible collaboration in hydroelectric projects. We are discussing possible cooperation on the peaceful uses of atomic energy. We have developed an atomic reactor system in this country which is the best in the world. In addition, other aspects of full developing technology: coal mining, transportation, small aircraft. We have many things in common with China: a vast country geographically, difficult climate, and the opportunity to develop technology to cope with that which we are happy to share with China. [end recording]

STATE COUNCILLOR KANG SHIEN LEAVES FOR PERU, CHILE

OW221643 Beijing XINHUA in English 1449 GMT 22 Jul 85

[Text] Beijing, July 22 (XINHUA) -- Chinese State Councillor Kang Shien left here by air this afternoon for Peru and Chile.

Kang, as special envoy of the Chinese Government, will attend the July 28 ceremony for the transfer of presidential mandate of Peru in Lima. Then, he will pay a goodwill visit to Chile as the guest of the Chilean Government.

Seeing him off at the airport were Vice-Minister of Foreign Affairs Qian Qichen, Vice-Minister of Petroleum Industry Li Tianxiang, Chilean Ambassador Benjamin B. Opazo, and Minister-Counsellor of the Peruvian Embassy Humberto Umeres.

RENMIN RIBAO EXPOSES COUNTERFEIT GOODS PRODUCTION

HK210754 Beijing RENMIN RIBAO in Chinese 9 Jul 85 p 1

[**"Letter"** from staff reporter Zhang Shihong: "More and More Imitation Shanghai Goods Are Manufactured"]

[Text] A large number of low quality, counterfeit wristwatches, bicycles, cigarettes, television sets, foods, and medicines which are imitations of Shanghai products have been discovered in various markets of the country, and the number is increasing. The illegal sales of these goods has affected the socialist economic order, ruined the reputation of brand-name goods, and harmed the interests of consumers. This matter merits attention.

An initial survey by the Shanghai clock and wristwatch industrial company reveals that there are about 2.5 million wristwatches made in imitation of "Shanghai," "Chunlei," and "Baoshinhua" brands. Most of these counterfeit wristwatches are from the Wenzhou area, Zhejiang Province. In 6 townships in Ouhai County of Wenzhou alone, over 600 people have gone in for this type of illegal activity. Some are engaged in assembly, some in marketing, and some in making counterfeit invoices and quality certificates, thus forming a "complete sequence of production and marketing." The scope of their marketing has expanded to over 20 provinces and cities. Customers who had been deceived wrote about 1,000 letters to wristwatch enterprises in Shanghai. More and more imitation "Yongjiu," "Fenghuang," and "Feida" brand bicycles are being made, and the makers have resorted to mean tricks. In collaboration with each other, these illegal makers buy waste or secondhand parts, secretly assemble them, and sell them in various parts of the country. In the first 4 months of this year, Qidong County of Jiangsu Province and Pingxiang and Guangzong Counties of Hebei Province have manufactured 5,000 counterfeit bicycles and marketed them in 14 provinces and cities. Cangnan County of Zhejiang Province once made a large number of products with counterfeit trademarks. Some 5,000 products with counterfeit "Yongjiu" trademarks, 5,000 with counterfeit "Fenghuang" trademarks, and 3,000 with counterfeit Tianjin "Feige" trademarks, all manufactured by the Xinan handicraft factory of Cangnan County, were discovered in Dalian City last year. The illegal makers of these products with fake trademarks even imitated the chops and invoices of the Shanghai metal ware and electrical company to deceive their buyers. Counterfeit cigarettes were made first in imitation of "Daqianmen" brand and then in imitation of "Fenghuang," "Mudan," and "Zhonghua" brands. Counterfeit Shanghai cigarettes have been discovered in the Daqing oil field, on Hainan Island, in Urumqi, and on the Xizang Plateau. The illegal makers of these cigarettes even used hazardous yellow pigments to change the color of low quality black tobacco into yellow, disregarding consumers' health. The quality of counterfeit "Feiyue" and "Jinxing" brand black-and-white television sets is bad but their prices are high. This has caused serious economic losses for the buyers. Counterfeit food and medicines have brought even more serious harm to the health of consumers.

A large number of consumers have written letters to industrial and commercial administrative departments demanding that they assume responsibility and deal severe blows to such illegal activities. Units or individuals manufacturing counterfeit goods must be ordered to put up notices notifying their consumers that they can return the goods and have their money refunded. Those who make products with counterfeit trademarks must be dealt with according to the "trademark law." They must compensate for the losses suffered by the victimized units and must be held responsible for the criminal offenses they have committed.

Commentator's Article

HK210800 Beijing RENMIN RIBAO in Chinese 9 Jul 85 p 1

[Commentator's article: "Resolutely Halt the Unhealthy Trend of Manufacturing Fake and Counterfeit Goods"]

[Text] The case of counterfeit medicine in Jinjiang, Fujian Province, is really shocking. The plea for "stopping counterfeit medicine from harming the health of the people" can be heard in the urban and rural areas. Beijing, Gansu, and Jilin burned the counterfeit medicine they seized. This shows their responsibility to the people. The vicious practice of making counterfeit medicine for profit regardless of the people's health goes against the morality of the Chinese people. If we were to run a counterfeit commodities exhibition, then the fake aluminum ingots produced by Gingfan and Anxin in Hebei; the counterfeit "Feige," "Yongjiu," and "Fenghuang" brand bicycles made by Pingxiang in Hebei; the low quality "milk powder" produced by the Chaozhou City Yangdong food factory in Guangdong; the counterfeit wristwatches assembled from second-hand parts by Wenzhou in Zhejiang; and various types of counterfeit cigarettes, wine, television sets, tractors, trucks, talcum powder, and face creams are all worthy of taking part. The flow of counterfeit commodities into the market has harmed consumers, affected the economic order, and caused negative effects.

Jinjiang has engaged in making counterfeit medicine for 2 years running. It now has 45 pharmaceutical factories producing counterfeit medicine. The serious harm it has caused has spread throughout the country. The local leading organs do not have a clear concept of the legal system and have not taken severe measures against this vicious practice. Enterprises in some localities manufacture counterfeit goods with the approval or tacit consent of the leading departments in these localities. Sometimes if a factory is found manufacturing counterfeit goods, what it loses is no more than having its illegal income confiscated, without the dismissal of the factory director and manager. This penalty is too light to make the factory learn a lesson and rectify its mistakes. Instead, it will help foster the idea of leaving things to chance: "If I am discovered, I will confess; if I am not, I will go on making money." Quite a number of counterfeit goods are produced by individual producers. They resort to every possible means to make money. They add industrial alcohol to wine and use a certain chemical fertilizer as baking powder for cakes. Their atrocities make people boil with anger. Why is it that the selling of counterfeit goods in broad daylight and the flagrant activities of lawbreakers can take place right before the eyes of some local responsible departments and leading organs? Why is it that some villages have become villages specializing in the production of counterfeit goods? Why is it that these local responsible departments and leading organs do not investigate and forbid all this? Is it enough to interpret this as just bureaucracy?

In dealing with counterfeit goods, there are laws to abide by, but the problem is that these laws are not observed or strictly exercised. "Profiteering" activities undermining socialist modernization must be exposed and dealt with according to the law. We do not allow socialist enterprises or individual producers to do whatever they like, to produce and sell counterfeit goods, or to harm the masses. Responsible persons or individual producers of a unit who violate the law must be dealt with according to the law and held responsible for the criminal offenses they commit. In economic work, it is necessary to carry out education in the legal system and social morality. In addition, it is necessary to strengthen our industrial and commercial administration, to earnestly exercise the economic law, and to frequently check and supervise our economic work so as to leave no opening for lawbreakers to exploit. Only in this way can we stop the evil trend of making counterfeit goods.

COMMENTATOR ON JINJIANG FAKE MEDICINE CASE

HK210817 Beijing RENMIN RIBAO in Chinese 13 Jul 85 p 1

[Commentator's article: "Make a Thorough Investigation -- Further on the 'Fake Medicine Case in Jinjiang'"]

[Text] As we have learned, after exposing the fake medicine case in Jinjiang, Fujian Province, the news reporting units have received many letters and telegrams condemning the base conduct of making fake medicine and requiring that these lawless persons be punished according to the law. We are all for this just demand of the broad masses of people.

Everything concerning the fake medicine in Jinjiang is a fake except for cheating people of money. The materials used to make the medicines were fakes. According to a sampling examination by the medical examination department, in the so-called "yinqiao jiedu chongji" and "root of isatis tinctoria var indigotica chongji," there are no medicinal ingredients at all except for some sugar, plant fiber, and starch. However, the number of molds is much higher than the standard. The production methods described on the wrapping and boxes were false. There was actually no "modern scientific equipment," "low-temperature treatment technique," and "vacuum exhaust systems," but common stoves, iron pots, and bamboo dustpans. Old rural houses and bamboo shelters where there were flies and garbage everywhere were used as workshops. The trademarks were fakes, illegally printed by more than 10 private printing houses. The inspectors were false, such as "approved by the Fujian Public Health and Medicines Department," "Jinjiang Public Health Bureau, Fujian," and "approved by the Fuzhou Public Health Bureau." They were mere fabrications under all sorts of false pretenses. In order to seek exorbitant profits, they have gone so far as to violate laws and discipline. Can we talk about the morality, the purpose of socialist production, and showing respect for human dignity of these people? Of course not. This is not merely a question of morality but also a question of law. All those who break the law should be punished, and the enforcement of the law should be strict.

There were many links between production and sales before Jinjiang's fake medicines were sold on the market. If one of the links had paid attention to this problem, the fake medicines would not have been sold. However, money worshippers always have many tricks to play. They tried in thousands of ways to achieve their aim, and the most effective weapon they often used was money. A vicious method to promote the sales of fake medicines and other fake and inferior commodities is to give extravagant bribes. Those who engage in illegal production and operations share some of their ill-gotten gains with certain units and leaders, and the latter gives the "green light" to them and lets them sell their vicious products on the market. In Jinjiang, many fake medicines were sold to medical units offering free medical services. This shows that in some places, some cadres have colluded with bad outside elements to infringe upon the interests of the state and the masses.

In Jinjiang, in the town of Chendai, pharmaceutical factories producing fake medicines have sprung up like poisonous mushrooms. Why have relevant leading organs there turned a blind eye to these illegal activities? In handling the cases concerning fake medicines, are there any people who have openly resisted this? Are there any people who have tolerated or encouraged the bad elements? Are there any people who have assumed an ambiguous attitude? Of course it is more necessary to check whether there are people who have taken bribes and ganged up with or backed the bad elements. It is necessary to make a thorough investigation of the fake medicine cases in Jinjiang.

The people and things involved in these cases, which have already been exposed or have been newly discovered in the thorough investigation, should be dealt with seriously and appropriately. Those who have violated the law should be penalized, arrested, or sentenced according to the seriousness of their cases. They should never be tolerated or be given lenient treatment. It is necessary to give the broad masses of people and the consumers who have been harmed a satisfactory reply.

CIRCULAR CONDEMNS FOREIGN EXCHANGE MISHANDLING

OW221335 Beijing XINHUA Domestic Service in Chinese 0739 GMT 21 Jul 85

[Text] Beijing, 21 Jul (XINHUA) -- The Central Discipline Inspection Commission recently issued a circular calling for resolute action in investigating and handling cases of covert buying and selling of foreign exchange and making illegal profit through arbitrage of state foreign exchange. The circular reads in full as follows:

The Liaoning Provincial Grain, Oil and Food Import-Export Corporation and the Commerce and Trade Company in Shenzhen City acted in collusion and illegally intercepted foreign exchange received from the export of corn. They sold the foreign exchange at the black market exchange rate of 5.15 renminbi to \$1 and distributed their illegal profit among themselves.

This case of illegal buying and selling and profit-making through arbitrage of state foreign exchange is very odious and serious. Accordingly, the Central Discipline Inspection Commission, the Auditing Administration, and the Ministry of Foreign Economic Relations and Trade jointly organized an investigating team to investigate the case. Now all problems have been thoroughly exposed as a result of the investigation. In accordance with the recommendations of the joint investigation team, the Liaoning Provincial CPC Committee decided to issue a serious party warning to manager Gu Yantian and deputy manager Hu Bingkai of the Liaoning Provincial Grain, Oil and Food Import-Export Corporation and a party warning to Li Yingzhu and He Chengbo, deputy directors of the Liaoning Provincial Department of Foreign Economic Relations and Trade. The Liaoning Provincial CPC Committee and the Guangdong Provincial CPC Committee also educated other involved personnel through criticism or gave them necessary punishment. The department concerned confiscated all their illegal income and imposed heavy fines on these units.

The Liaoning Provincial Grain, Oil and Food Import-Export Corporation is a company which handles foreign trade. The responsible persons of the corporation knew state foreign trade policy and foreign exchange regulations very well. However, for the sake of the interests of their own unit, they disregarded the pertinent stipulations of the state, illegally obtained an export permit, made illegal profit through arbitrage of state foreign exchange received from the export of corn, and disrupted the financial order. The two state enterprises openly violated political discipline and law.

This was not all; the Liaoning Provincial Grain, Oil and Food Import-Export Corporation made a report to the provincial Commission of Foreign Economic Relations and Trade and asked the commission's leading persons to share responsibility for their activities although it knew that its activities violated state regulations. The leading comrades of the provincial Commission of Foreign Economic Relations and Trade also paid no attention to principle on this matter and agreed to the activities of the corporation in disregard of state regulations. A leading member of the provincial government also agreed to their activities. This kind of laissez-faire attitude and dereliction of duty in fact abetted those activities which violated law and discipline.

It should also be pointed out that the Commerce and Trade Company in Shenzhen City established links with various provinces and municipalities and made illegal profit through arbitrage of state foreign exchange. This kind of activity also violated law and must be resolutely stopped.

We can clearly see that this is a typical case of knowingly violating law and discipline. Units like the Liaoning Provincial Grain, Oil and Food Import-Export Corporation and the Commerce and Trade Company in Shenzhen City knew that their activities were wrong but they still committed them without hesitation. To serve their own interests, they forgot the interests of the state and totally disregarded state policy and law, organizational discipline, and party spirit. They pursued self-interest in an unscrupulous and intolerable manner.

Recently, some departments, localities, and units have been engaged in covert buying and selling of foreign exchange and making illegal profit through arbitrage of foreign exchange and making illegal profit through arbitrage of foreign exchange in the name of activating the economy amid reform. Such cases have been quite frequent. Therefore, the party organizations at various levels should draw a lesson from this case. On the one hand, we must strictly investigate and handle cases of covert buying and selling of foreign exchange and making illegal profit through arbitrage of foreign exchange. On the other hand, we should strengthen education on party spirit and discipline for the broad masses of party members and cadres. We should take the overall situation into consideration, correctly handle the relationship between state, collective, and personal interests; strictly implement the various principles and policies of the party and the state; wage resolute struggle against activities which violate law and discipline; and effectively guard against the continuous occurrence of covert buying and selling of foreign exchange and making illegal profit through arbitrage of foreign exchange so as to ensure the healthy development of reform and of the policy of opening to the outside world.

FURTHER REPORT ON DENG XIAOPING'S 1983 SWIM

OW212000 Beijing XINHUA Domestic Service in Chinese 0846 GMT 20 Jul 85

[Excerpt] Beijing, 20 Jul (XINHUA) -- The newly published July issue of 1985 XIN TIYU [NEW PHYSICAL CULTURE] carried an article entitled "Comrade Xiaoping Beating Waves in Huang Hai," describing in detail how Comrade Deng Xiaoping, beating waves in the sea, leisurely swam across Huang Hai in the summer of 1983, realistically and vividly illustrating how this great statesman, who stands firm as a rock in China's political storms, spent his leisure hours.

This latest XIN TIYU edition is a special issue commemorating the 35th founding anniversary of the journal. The issue includes an inscription by President Li Xiannian on its 35th founding anniversary, which reads "Promote physical culture to reinvigorate the national spirit," as well as an inscription by Vice Chairman of the NPC Standing Committee Xu Deheng, which says "Publicize physical culture to build up the country and enhance the people's health."

'SPECIAL COMMENTARY' ON SPIRITUAL CIVILIZATION

HK210630 Beijing RENMIN RIBAO Overseas Edition in Chinese 10 Jul 85 p 2

["Special Commentary" by Professor Zhao Fusan of the Postgraduate Institute of the Chinese Academy of Social Sciences: "Developmental Trends in Mainland China's Spiritual Civilization" -- capitalized passages published in boldface]

[Text] China is experiencing profound changes. Since the late 1970's, as a result of social and economic development, the comprehensive reform of its social economic systems, and the opening of these systems to the world, mainland China has entered a new historical period.

The profound and rapid changes are unprecedented in China's history of several thousand years. The profound and rapid social changes among one-fourth of the world's population will enable the Chinese economy to grow more rapidly. This has been predicted by some. Now the problem of the direction in which China's spiritual civilization will develop has become the focus of everyone's attention.

The spiritual civilization of society has intrinsically developed from the social practice of millions upon millions of people. It encompasses the whole nation's intellectual level, its cultural development, its sense of morality, and its code of citizen conduct. It permeates almost everything and is reflected in the citizenry's general mood, ideas and thought.

A socialist culture cannot be a gift from heaven. It is a result of our inheritance of the Chinese culture and the world's fine cultures. It constantly stimulates innovations and gradually takes shape while developing in a socialist direction.

In the past 6 or 7 years, changes drawing people's attention have taken place in mainland China's economic and social construction, in its structural reforms, in its pursuance of an open-door policy, in its economic and social spheres, in its ideology, and in its culture. The emergence and development of a socialist spiritual civilization with Chinese characteristics can be viewed from several perspectives:

1. A RATIONAL AWAKENING CHARACTERIZED BY THE EMANCIPATION OF MINDS AND THE PRINCIPLE OF SEEKING TRUTH FROM FACTS ARE THE BASIS FOR SOCIALIST SPIRITUAL CIVILIZATION. The reforms and the open-door policy pursued over the past 6 years would have been impossible without the 10 years of turmoil and the bankruptcy of the extreme leftist line. It is not wrong to point out the grave consequences of the 10 years of turmoil. It is precisely this 10-year calamity that has taught the masses of Chinese people to think and not to accept blindly what the authorities say. One piece of evidence is the nationwide discussion of the problem of "practice being the sole criterion of truth," which took place in 1977 and 1978. It negated the extreme leftist line adopted during the Cultural Revolution and called for the verification of theories via social practice. On this basis we have put forward a series of policies and measures that conform to the country's national conditions and the common aspirations of the people, such as the current economic reforms, the democratic legal system, the open-door policy, the principle of one country, two systems, and the peaceful reunification of the motherland. A second piece of evidence is the attention paid to the social sciences by the country's guiding ideology in addition to being an object of scientific research. Socialism is the country's fundamental system as well as an object of scientific research. The people have begun to study social phenomena and social and economic issues with a scientific approach. This shows not only the rational awakening of a few but the rational awakening of millions upon millions of people. This version of a rational view is imbued with traditional Chinese realism and the fundamental spirit of modern science. It is developing in practice in today's China. This is the basis for China's socialist spiritual civilization. It is precisely on this basis that the theory, the practice, and the idea of reforming and opening the country to the world have come into existence.

2. AS A RESULT OF THE CHANGES IN CONTEMPORARY SOCIETY, PEOPLE HAVE ADDED ENORMOUSLY TO THEIR KNOWLEDGE OF THE WORLD AND OF CHINESE SOCIETY. WITH THIS NEW KNOWLEDGE, THE PEOPLE ARE CONSIDERING THE PROBLEM OF MAKING PLANS FOR THEIR LIVES AND THE PROBLEM OF TAKING THEIR DESTINY INTO THEIR OWN HANDS.

As a result of the development of a commodity economy, many low-income young and middle-aged people in the rural and urban areas have discovered new ways in which they can become rich by working hard and by relying on their talents and in which they can take their destiny into their own hands. The commodity economy also facilitates the rapid mobility of people between the coastal areas, the interior, the urban areas, and the countryside. As a result of commodity circulation and personnel mobility, the inflow of new scientific, technological, and cultural knowledge, of new commodities, and of new ways of living into the interior and the rural areas are now being speeded up. People are overwhelmed by information about production, and new ways of living and society as a whole has been enlivened. It can be said that of the 1 billion people in mainland China, with the exception of those below 15 and those above 60, more than half (56.5 percent) are young and middle-aged people who are in their prime, who are lively in an ideological sense, and who are considering the problem of how to make plans for their lives and the problem of how to take their destiny in their own hands. It seems that they are considering their own future and their own interests only. However, their thinking actually falls into line with the reform and development of the country. Herein lies hope and opportunities for everyone. However, all this requires them to contribute their efforts and wisdom and has started a profound revolution in each corner of society and deep in each heart. In addition, all this precisely contributes to bringing about a socialist spiritual civilization which combines ideals with reality, which is characterized by optimism, which is aimed at the future, and which is full of hope.

3. THE RESUSCITATION OF INDIVIDUALITY UNDER THE SOCIALIST SYSTEM IS A SPECIAL CHARACTERISTIC OF CHINA'S SOCIALIST SPIRITUAL CIVILIZATION AS WELL AS A GUARANTEE FOR ITS DEVELOPMENT. The rapid economic and social changes and the impact exerted by the enormous amount of information about production and ways of life have contributed to the resuscitation of individuality. Some foreign observers and foreign correspondents, seeing that in mainland cities the clothing of women has become more colorful and their hairstyles more varied, that young lovers are not afraid to openly express their love for each other, that there are fashion shows, and that disco dancing is becoming popular, have come to the conclusion that Western ways of life have invaded mainland China. In the opinion of this author, the fashion shows and popular music concerts which have been organized in imitation of the West are vulgar and of poor taste. As far as the whole country is concerned, their influence is very limited. However, the true significance of such phenomena does not rest in the fact that they are organized at all, but in the resuscitation of individuality. In the Chinese society over the past millennia, countless generations of people have grown up. However, they could acquire social knowledge from only a few sources. This closed society, which had a history of several thousand years, was propped up by a closed economy and was difficult to change. Now, both the economy and society are being transformed from closed ones into open ones. Classical culture, modern culture, the Chinese culture, foreign cultures, and a world of splendor and knowledge are presented to young people. These young people are unwilling to be molded. They want to mold themselves. The new society calls for innovations. The younger generation, who are intelligent and energetic, are the first to participate in this creative work. The people are faced with a variety of choices and possibilities such as collective management in the rural areas, which is characterized by the system of contracted responsibilities with payment linked to output, various structural reforms, and so on. All this will lead to the resuscitation of individuality and the awakening of self-consciousness. This is another major change in the people's minds. Why do we call this the resuscitation of individuality under the socialist system?

First, this development of individuality is not the same as self-centeredness, which is antagonistic to public interests. It recognizes both public interests and the development of personal interests and individuality. Second, socialism with Chinese characteristics requires and encourages the people to develop their individuality. The development of the people's individuality can give impetus to the development of a socialist economy with Chinese characteristics as well as to social and cultural development. The awakening of the people under the socialist system is developing and provides a fundamental guarantee for the vigorous development of the multi-layered and pluralistic socialist culture.

Generally speaking, since the adoption of the new principles at the 3d Plenary Session of the 11th CPC Central Committee, mass education and the mass culture have been developing notably in the mainland. We are now carrying out educational reforms. The structural reform of the educational service will improve the quality and quantity of education. The whole nation is improving its scientific and cultural knowledge. However, this is a formidable long-term task. While we are inheriting legacies and opening the country to the world, a socialist culture, which is based on rationalism, which combines ideals with reality, which is aimed at the future, and which is characterized by optimism and the development of pluralistic individuality, is taking shape. Regarding values, most young people have inherited the traditional concepts of state and family. However, they are also developing the view of reforms, the sense of responsibility, the view of knowledge, and the sense of responsibility required by socialist modernization. In such a big country as China, diversification is inevitable. However, in spite of this diversification, the main body of the spiritual civilization in contemporary China can still be seen.

In the future, the outcome of the interaction between Marxism, traditional Chinese culture, and the democratic, individualistic Western cultures introduced into China as a result of our pursuance of an open-door policy will shape the course of the development of the spiritual civilization in mainland China. The influence of the traditional Chinese culture of 5,000 years on the Chinese people is deep-rooted. It can be seen from Chinese organizations abroad that although under different social systems Chinese ways of life can change drastically, traditional Chinese values are still playing an immensely significant role in them. Thus, the influence of the pursuance of the open-door policy on the spiritual civilization in mainland China is only secondary. For China, the tenets of Marxism are a theory of modernization. There is a process by which the introduction of the tenets of Marxism are combined with China's actual conditions. Some call this process Sinicizing.

China's modernization is based on the traditional Chinese culture and guided by the Marxist theory of modernization. In the course of its development, the way the relations between the individual and society are readjusted will be different from the way the same relations are readjusted in the West. That is why we call it socialist modernization or socialist modernization with Chinese characteristics. This is what basically distinguishes our spiritual civilization from the capitalist spiritual civilization of the West. We should have a clear understanding about this.

NON-MONETARY ASPECT OF QUALITY OF LIFE STRESSED

HK190231 Beijing CHINA DAILY in English 19 Jul 85 p 4

["It Seems to Me" Column by Tong Gang: "Quality Adds More than Quantity"]

[Text] Much has been said about the changing way of life in China today and people are led to believe the reforms aim to improve living standards for Chinese people.

It is true that reform is changing people's way of life. When fridges, colour televisions and radio cassette recorders hit the headlines in the press, it seems to me more important things are being neglected, and instead, the quality of life should be stressed in our modernization drive. I do not believe rising living standards will automatically bring the better life many people expect. Quality of life depends on factors other than living standards alone.

A recent article in CHINA DAILY reported a continuous nationwide rise in the living standards over the past six years, with rural incomes growing faster than city ones. But the story mentioned nothing about other aspects of life. Standards of living that are measured only in terms of money can be very misleading.

It is all very pleasing to see that people now have more money to spend. Western suits and well-cut dresses are no longer regarded as proof of moral degeneracy, and neither is spending one's earnings called hedonism. But the buying spree resulting from misguided consumerism is turning many people into money-seekers to the neglect of public interest and social concern. Phony products, fraud and embezzlement have all arrived too.

China is a big country with an enormous population, and it is unwise to copy the economically advanced Western countries in modernization. The car industry, for instance, created mobility in the United States and made motor vehicles an indispensable part of life. It is hard to imagine the traffic situation in Beijing and Shanghai if each family -- not to mention each person -- owned a car.

The current reform, spelt out by the Communist Party in October last year, aims to create a "cultured, healthy and scientific life, meeting the needs of expanded modern productive forces and social progress" in society as a whole. We should therefore talk more about the quality of life rather than standards of living.

Quality of life includes political stability, social progress, population control, environmental protection, health service, continuing education, life style and personal relationships. Living standards are different and closely linked with material affairs. Experience in the developed countries has already shown that mere emphasis on material advancement has created social and ecological problems, tremendous waste of social wealth and a spiritual vacuum for many people. To avoid this we should make quality of life the most important criterion in judging the success of the modernization programme. This change of emphasis will need the support not only of the media, but also from every individual. No time and effort should be spared.

GUANGMING RIBAO ON NATURE OF INTELLECTUALS' WORK

HK220827 Beijing GUANGMING RIBAO in Chinese 13 Jul 85 p 3

[Article by He Liancheng: "A Brief Analysis of the Nature of the Work of Intellectuals"]

[Text] In the early 1960's, I successively published three articles on productive labor and non-productive labor in JINGJI YANJIU and JIANGHAI XUEKAN. According to Marx's exposition, I think that there are two categories of productive labor: 1) Productive labor viewed from the angle of productive forces.

2) Productive labor viewed from the angle of the relations of production. I put forward the views that intellectuals (such as engineers and technical personnel) working in the field of material production belong to the first category, whereas intellectuals working in the fields of culture, education, and public health (such as teachers, actors, and doctors) belong to the second category. The work of intellectuals working in other fields belongs to non-productive labor. At that time, my starting point for writing those articles was to make some theoretical explorations on the basis of the study of "Das Kapital." It has been more than 20 years since the publication of those articles. But I believe that making a profound analysis of the nature of the work of intellectuals is still of practical significance to correctly implementing the party policy toward intellectuals.

While theoretically expounding on the nature of the work of intellectuals, the following four different situations should be taken into account. They are:

1. It is obvious that the work of the intellectuals working in the field of material production belong to the first category of productive labor mentioned above. This kind of labor can not only create use value of materials, but can also create value. While discussing the nature of labor under the capitalist system, Marx pointed out: "The characteristics of the capitalist mode of production are precisely demonstrated in the fact that different kinds of labor, including mental labor and physical labor, labor mainly based on mental labor, and labor mainly based on physical labor, are separated and assigned to different kinds of persons. However, all this cannot deny the fact that material products are the common results of the labor of these people, and that the common results of their labor are embodied in material wealth." ("Complete Works of Marx and Engels," Vol 26, Part 1, p 444). These Marxist theories are also applicable to a socialist society. This has been realized by more and more people.

2. Generally speaking, the work of intellectuals who are engaged in scientific research also belongs to the productive labor of the first category. Although their work cannot directly create material products, it can create spiritual products and serve the production of material products. The value of these spiritual products is much higher than the value of material products brought about by them. Marx pointed out: "Our estimation of the product of mental labor -- science -- is much more lower than its actual value. It is because the time of labor needed in redevelopment of science is incomparable to the time of labor needed in the initial development of science is like the case of a student being able to learn binomial theorem within one hour." ("Complete Works of Marx and Engels," Vol 26, Part 1, p 377)

3. With regard to the work of intellectuals engaged in the fields of culture, education, and public health, generally speaking it does not belong to their first category of productive labor. It is because this kind of work does not create material use value. However, as far as its "labor form" is concerned, it can create a "special use value." Marx said: "The special use value of this work is especially termed 'service.' It is because this kind of work does not serve the people with materials. Instead it serves the people with activities." ("Complete Works of Marx and Engels," Vol 26, Part 1, p 435) Under the socialist system, this kind of service accords to the aims of socialist production and is required by the fundamental economic law of socialism. Therefore, it belongs to the second category of productive labor, that is, productive labor which reflects the essence of the socialist relations of production.

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Apart from the three kinds of intellectuals mentioned above, there is another kind of intellectual whose work neither belongs to the first category of productive labor nor the second category of productive labor. Their work belongs to non-productive labor. It is because this kind of work neither creates material use value nor special use value and value. However, under the socialist system, this kind of work is needed. It is a part of the social division of labor.

In a word, in a socialist society all intellectuals with all kinds of occupations will be duly remunerated and respected as long as they work hard. They completely support themselves by their own labor, and earn their own living by relying on themselves. They are not "parasites" who rely on the support of others. The previous traditional prejudice should be broken down. We should truly implement the party policy for intellectuals and give full play to their role.

ECONOMIC COMMISSION HANDLES CPPCC MOTIONS

OW200911 Beijing XINHUA Domestic Service in Chinese 1542 GMT 16 Jul 85

[By reporter Zhou Lixian]

[Excerpts] Beijing, 16 Jul (XINHUA) -- Over a period of only 3 months, the State Economic Commission [SEC] finished handling 45 motions presented by the 3d Session of the 6th CPPCC National Committee. At a meeting held today to brief CPPCC National Committee members on how their motions were handled, the 24 CPPCC National Committee members present unanimously expressed satisfaction over the SEC's zeal and efficiency in handling their motions.

Speaking at the meeting on how the motions were handled by the SEC, Tan Zunke, deputy director of the SEC General Office, said: By 15 July, the SEC had completed handling the 45 motions presented by the 3d Session of the 6th CPPCC National Committee. The motions involved business administration, use of new technology, quality control, economic reform, energy resources, communications and transportation services, education for working staff, scientific and technological work, and other economic issues. The motions fully reflected the CPPCC National Committee members' eagerness to contribute their efforts to economic construction and reform, and their high sense of responsibility. Many motions are of great help to the SEC in improving its macro-economic management and operations in other fields.

Tan Zunke said: SEC leaders constantly inspected various units concerned to ensure that the motions were handled properly, and the working staff was repeatedly reminded that motions submitted by the NPC and the CPPCC National Committee must be handled seriously. They also gave specific instructions on how to deal with certain problems arising from handling the motions, ensuring that they were resolved efficiently. CPPCC National Committee Members Tao Dayong, Li Su, Wu Jing, Tan Yizhi, and Shen Jian also took the floor at the meeting to present their views, opinions, and suggestions regarding the motions concerning the SEC.

PLA ISSUES NEW REGULATIONS ON CADET SCREENING

OW211120 Beijing XINHUA Domestic Service in Chinese 1145 GMT 18 Jul 85

[Text] Beijing, 18 Jul (XINHUA) -- THE PLA General Staff and General Political Departments have recently promulgated new regulations on instituting the cadet screening system in military institutes and schools with a view to ensuring the quality of selected and trained military cadets.

The General Staff and General Political Departments have issued a circular to all of the PLA's large units, institutes, and schools regarding the promulgation of the "provisional regulations on cadet screening in institutes and schools of the Chinese PLA." The circular points out that qualified personnel are vital to speedy revolutionization, modernization, and regularization of the Army. Enforcement of the strict screening system to retain the advanced, use the able, and eliminate the poor and mediocre is an important measure to reform our Army's cadre system and select quality personnel. It has great bearing on the overall improvement in the quality of our Army cadres.

This system has been formulated after summing up the traditional experience of our military institutes and schools and absorbing the experience of domestic colleges and schools as well as foreign military institutes and schools. The "provisional regulations" point out that cadet screening should be conducted in three stages: enrollment screening, in-school appraisal, and post-graduation assignment. Graduates must be selected and appointed according to their achievement level. Schools will make recommendations on cadet assignments. Cadets not up to the training requirements will be processed in two ways: in-school elimination and post-graduation elimination. Eliminated cadets who are active-duty officers, civilian cadres, or rank-and-file soldiers who are processed to leave school will generally be sent back to their parent units for handling at the units' discretion. Rank-and-file soldier cadets may be handled directly by schools after obtaining the consent of their parent units. Cadets eliminated before and after graduation may be handed over by schools to related local government departments at any time for handling according to varying situations. Proper arrangements should be made for them. Cadets who have finished the school term but are unfit for Army work may be treated as "cadets for transfer to civilian jobs".

Meanwhile, in accordance with the "PRC military service law," the Ministry of Civil Affairs, the State Council Leading Group for Assignment of Retired Armymen and Cadres, the Ministry of Labor and Personnel, the State Council Group for Assignment of Army Cadres for Transfer to Civilian Jobs, the State Educational Commission, the Ministry of Public Security, and the PLA General Political Department have jointly issued the methods of assignment for young students and cadets of military schools and institutes after quitting school or having been separated from school through process."

PLA CIRCULAR STRESSES MORE ARMY-PEOPLE UNITY

OW230036 Beijing Domestic Service in Mandarin 1200 GMT 20 Jul 85

[Text] According to a report by this station, the PLA's General Political Department recently issued a circular, calling on the entire Army to face the new situation of structural reform and the reduction-in-strength reorganization, to do a still better job in the mass work, and to cement Army-government and Army-people relations.

The General Political Department's circular called on the entire Army to carry out conscientiously ideological education on following the whole situation of national construction and strengthening Army-government and Army-people unity; and to reciprocate the concern, love, and support of the party, government, and people for soldiers, who are the sons and daughters of the people, with concrete actions of resolutely fulfilling the task of reduction-in-strength reorganization and of exemplarily abiding by policies and decrees.

The circular also called on the entire Army to continue doing a good job in grasping the joint activities between the Army and the people in building spiritual civilization, and, in light of the actual situation of reduction-in-strength, do a good job in handling the readjustment and turnover of sites designated for Army-people joint activities. It stated that the state and localities' engineering and construction projects undertaken by the Army should be thoroughly fulfilled, and that hasty completion of tasks that result in economic losses to the state should be prevented.

The circular stipulated clearly that no unit or individual is allowed to unscrupulously dispose of the houses and land vacated during the reduction-in-strength reorganization without the approval of the Military Commission and PLA headquarters, and that procedures for returning the land borrowed from the localities should be properly completed.

PLA, PEOPLE JOINTLY BUILD MISSILE ESCORT VESSEL

HK140634 Beijing RENMIN RIBAO in Chinese 5 Jul 85 p 4

[Report by Zheng He, Jiang Rubiao, and Wu Xinglong: "The Army and People Jointly Build a 'Civilized Ship'"]

[Text] A new missile escort vessel recently scored success during its trial run at the Shanghai Hudong Shipyard. This is China's first "civilized vessel" jointly built by the Army and people.

Last spring, the office of the PLA representatives stationed at the Hudong Shipyard and the shipyard's CPC Committee held discussions and decided to combine the activities of the Army and people in jointly building spiritual civilization with economic work. As a result, the building of a new missile escort vessel, which started not long ago, is the first "civilized vessel" jointly built by the Army and people.

In the course of the Army and people jointly building the "civilized vessel," the shipyard, the troops, and the office of PLA representatives adhered to the principle of mutual understanding, not shifting responsibility onto others, and jointly tackling tough problems. Consequently, they solved more than 130 problems concerning quality which had not been solved in building ships for a long time. With technical aid offered by the shipyard, more than 30 types of new technology, new techniques, and scientific research achievements have been applied within a year.

AIR FORCE PERSONNEL JOIN CIVIL AVIATION COMPANIES

OW211750 Beijing XINHUA Domestic Service in Chinese 0946 GMT 21 Jul 85

[By reporter Cai Shanwu]

[Text] Beijing, 21 Jul (XINHUA) -- Nearly 100 air and ground crew members of the People's Air Force recently resigned from their military posts and joined the ranks of civil aviation personnel.

At the request of newly founded civil aviation companies and aviation service teams in various parts of the country, the Air Force has selected these talented flight personnel to join the civil aviation companies. Among the pilots chosen are a number of squadron, group, or regiment cadres capable of piloting planes in the air and commanding personnel on the ground. Their ages are between 30 and 45, and most of them have secondary specialized or college education, with at least 2,000 flying hours and some as many as nearly 4,000 hours. After being given time to familiarize themselves with the aviation routes and passenger airplanes after joining the civil aviation companies, they will be able to perform flight duty.

A leading comrade of the Air Force department concerned told the reporter that civil aviation has been developing rapidly in various localities in recent years. At present there are over 30 civil aviation companies and aviation service teams throughout the country. The Air Force will, in accordance with their needs, release qualified air and ground crewmembers to help the undertaking of civil aviation.

ARTICLE ON HANDLING PARTY-GOVERNMENT RELATIONS

HK290555 Beijing RENMIN RIBAO in Chinese 12 Jul 85 p 4

[Article by Jin Xiuji, secretary of the CPC Committee of Zhonghe Township, Yanshou County, Heilongjiang Province: "How I Handle the Relationship Between the Party and the Government"]

[Text] Zhonghe Township was set up in early 1984 following the separation of government work from commune management. Looking back on the practice in the past year and more, I have come to realize that when the leadership structure changes, the methods of leadership and the work style of leading cadres should also change. The change in the secretary of the party committee, however, is most crucial.

When government work was separated from commune management in our township, quite a few people failed to adapt themselves to the situation. All the work was still basically handled by the party committee and people still habitually asked the secretary for instructions on all matters, big or small. Sometimes, without differentiating whether a certain matter came within the jurisdiction of the party committee or the production and administrative department, I still consciously or unconsciously made everything my own business, "taking everything into my own hands." People commented: "The township government has been elected purely to keep up appearances." This public opinion shook me up a lot. I realized that I, as secretary of the party committee, was mainly responsible for this state of affairs and that the principal cause of this was that the influence of "centralized leadership" had not been thoroughly eliminated from my mind. In order to make clear the duties incumbent on a secretary, I reviewed my work and discovered two "won't do's":

First, judging from the gap between the present conditions of party members and party organizations in our township and the demand of the new period, it won't do for the secretary of a party committee not to take the lead in solving the question of the party failing to handle party affairs. In the new situation, a small number of party members in our township softened their demands on themselves. They violated party discipline and state law by wantonly felling trees and using every possible means to make money, thus creating a very bad impression. Four of the seven party members in a party branch were subjected to disciplinary action within the party and both the secretary and deputy secretary of the party branch were expelled from the party one after another. In view of this problem, I realized that, being up to my ears in work in the past, I had no time to attend to party building satisfactorily, which could not but be regarded as dereliction of duty.

Second, judging from the special feature of the current rural work and the practice since the setting up of the township, it won't do for the secretary of a party committee to exercise the functions of government or enterprises in the capacity of the party. In the past we only grasped grain and collective production and the state monopoly for purchase and marketing and the masses all got moving after we talked to them at meetings, hurried work by telephone calls, and mobilized the masses through radio broadcasts.

Now, agriculture, forestry, animal husbandry, sideline occupations, and fisheries develop in an all-round way and thousands of households go about their work in a decentralized manner. There are also the problems of market, information, and so on. In the past the peasants were satisfied when they had enough food and clothing and now they raise numerous new demands and questions to leading cadres. Under these circumstances, a person cannot take everything into his own hands even if he wants to. Soon after the setting up of our township, a person from a company outside the township came to talk about the setting up of a joint operation. Because I attended a meeting at another place that time and because the other leaders dared not take the responsibility for a decision, the visitor could not but go to other places. As a result, a business transaction likely to bring in 10,000 yuan in profit came to nothing. Facts indicated to me that in a modern society where time is money and efficiency is life, if a township fails to establish a scientific system of command, to institute a system of personal responsibility, and to fully arouse the initiative and creativity of government and enterprise cadres, it will bungle matters.

After solving the problem of ideological comprehension regarding the separation of party and government work, our party committee gave more decision-making powers to government organs and enterprises. We concentrated our energy on the implementation of party policies and principles and on party building, ideological and political work, and economic development planning, and revised the system of personal responsibility and work plans.

After the separation of government work from commune management, it is still necessary for a township CPC committee to play its leadership role. But what should the secretary of a party committee do then? According to my initial understanding, we should adhere to the principle of "five do not's":

1. Do not assume command or take the lead in all matters. When reorganizing the leading groups for various work after the setting up of the township, I laid down two principles: First, if there has been a definite division of work among leading cadres and if there have been specific administrative bodies or full-time cadres in charge of specific work, leading groups existing in name only should no longer be set up; second, if there is a need to set up leading groups, they should be formed by the personnel concerned and headed by the leading cadres in charge of various work. I should no longer hold concurrent posts as team leader. After I was relieved of my offices in several leading groups, the initiative of the responsible leaders was aroused and they were keen to carry out their work.
2. Do not preside over every meeting or give "instructions" at every turn. We have agreed upon a rule, that is, a meeting for studying a certain aspect of work should be presided over and arranged by the principal leader in charge of that particular work. The secretary of a party committee should no longer speak at every meeting. In this way, I have not only been freed from an excessive number of meetings but, at the same time, established the authority of the leading comrades of the township government and economic organizations.
3. Do not interfere willfully or approve an application form indiscriminately. In giving more decision-making powers to government organs and enterprises, the difficulty often lies in giving real power regarding personnel, money, and goods. Not that I gave no thought to this question but I straightened out my thinking later.

We Communists should set store by the party cause and not by power only. Therefore, I do not meddle in those matters which come within the jurisdiction of government organs.

4. Do not transfer power in name while wielding it in fact or pull strings behind the scenes. When party work was just separated from government work, some comrades in government organs and enterprises still dared not independently exercise their functions and duties. They seemed to be overly cautious and, afraid of making their own decisions, always asking the party committee or me for instructions when matters arose. At such a time, if we did not pay attention to this but continued to take everything in our own hands, as we did in the past, it would surely encourage their dependence as time went by, thus turning them into the "shadows" of the party committee and its secretary. Therefore, in transferring power, we should set our minds at rest. With the exception of some matters which, according to the stipulations, should be made known to the party committee and me, in ordinary circumstances I always encourage the township head or director to carry out his work independently and in a responsible manner and to give scope to their creative spirit.

5. Do not divert our attention because of the separation of party and government work or stand by on the sideline. The division of work among party and government organizations and enterprises should not divert our attention. When there is a rush job to be done or when certain government departments or enterprises are confronted with difficulties or obstructions in their work, the township CPC committee should give them full support.

In this way, I have detached myself from routine duties. I have more time and energy to go deep into the reality of life and to conduct investigation and study and also have more time to conduct ideological and political work.

RENMIN RIBAO INTERVIEWS LIGHT INDUSTRY MINISTER

HK191227 Beijing RENMIN RIBAO Overseas Edition in Chinese 17 Jul 85 p 3

[Article by reporter Li Hexin: "Yang Bo on Present Conditions of and Development Plan for Light Industrial Production"]

[Text] "During the Seventh 5-Year Plan, aside from the building of a small number of new enterprises, the development of light industry will be forced on the technological transformation of the existing enterprises," said Minister of Light Industry Yang Bo in a recent interview.

Minister Yang Bo told the reporter that the state sets great store by the development of light industry. It has laid down the principle of developing the production of consumer goods in a big way and has adopted a series of backup policies to ensure the supply of raw materials, funds, foreign exchange, and energy to light industry. In recent years, light industry has developed as rapidly as other industries. From 1979 to 1983, the total annual output value of light industry increased by an average of 11.2 percent, and the 1984 annual output value increased by 14 percent over 1983. Because of the rapid development of light industry, urban and rural markets are now more prosperous, and the supply of various commodities is more plentiful than the previous year. However, the development of light industry is still not commensurate with the increase in the people's purchasing power and with the people's demands for the improvement of their livelihood.

The changes in our product structure have not kept pace with the changes in the consumption structure. The present consumption tendency may be summarized as "eating more nutritious food, wearing more beautiful and well-designed clothes, using more high-class household appliances, and living in more exquisitely decorated houses." Urban residents are now increasingly diversifying their consumption and tend to buy high-class goods. Rural residents have been gradually urbanizing their consumption. Therefore, one of our urgent tasks is to develop the production of consumer goods, especially quality goods and brand name goods. During the Seventh 5-Year Plan, we will strive to substantially increase light industrial production.

The reporter asked what will be the development priorities during the Seventh 5-Year Plan. Minister Yang Bo said that in the scope of light industry, priority will be given to food and beverages, electric appliances for household use, garments, leather goods, daily-use chemical goods which include plastic goods, detergents, and sensitive materials, papermaking, packing apparatuses, and light industrial machinery. Of course, other trades will also develop correspondingly.

What will be the main problems in developing the production of consumer goods and increasing the production of brandname goods? In reply to this question, Minister Yang Bo said: There are now more than 70,000 enterprises in the light industrial system, and more than 90 percent of them are small and medium-sized enterprises which shoulder the main part of light industrial production tasks and form the foundation for our development. However, the equipment and technology of these enterprises are mostly backward, and are not suited to the requirements of light industrial development. In particular, the backward technological conditions cannot ensure the enhancement of product quality and enrichment of product variety. Therefore, a pressing matter is to renew the equipment and to carry out technological transformation.

The reporter asked what plan the minister of light industry has made to carry out technological transformation in existing enterprises in groups and by stages. Minister Yang Bo answered: The transformation of the old enterprises will rely mainly on their own efforts and on the advanced equipment provided by the domestic machine-building industry. At the same time, active measures will be taken to make use of foreign funds for this purpose, and advanced foreign equipment and technologies will be imported. He gladly mentioned that during 1979 and 1984, the light industrial enterprises used some \$1 billion to import advanced foreign equipment and technologies, and this has positively promoted the transformation of old enterprises and the development of new trades and new products. The hundreds of imported items for the production of alkylbenzene, sodium goods, synthetic leather, plastics, food, beverages, cans, refrigerators, washing machines, industrial sewing machines, leather goods, daily-use chemicals, and electric lights have all achieved good results.

Finally, Minister Yang Bo told the reporter that during the Seventh 5-Year Plan, the light industrial system will import more than 100 items of equipment and technology for the production of food and beverages, household electric appliances, paper, leather goods, garments, daily-use chemicals, plastics, daily-use glass, ceramics, electric light sources, and light industrial machines. Varied forms will be adopted to import these items on the principle of equality and mutual benefit, such as running joint ventures, carrying out cooperation production, and making technological transfers. In the course of importing these items, the Chinese light industrial department will develop friendly and cooperative relations with the banking and business circles of various countries. This will not only enable us to learn advanced technology and management expertise from foreign countries and raise our consumer goods production to a new level, but will also help develop our economic and technical cooperation with foreign countries.

XINHUA REPORTS INCREASED SAVINGS IN PRC BANKS

HK220645 Beijing XINHUA Hong Kong Service in Chinese 0240 GMT 19 Jul 85

[Text] Beijing, 19 Jul (XINHUA) -- According to reports by financial departments since the beginning of this year, savings in banks have grown by a big margin both in the urban and rural areas in China. By the end of June, savings in the urban and rural areas had reached 142 billion yuan, 20.6 billion yuan over that at the beginning of this year.

According to reports, there are four features in the increase of savings in banks in the first half of this year: 1) The volume of increase was big. Compared with the same period last year, the increase in the first half of this year was 8.6 billion yuan more. The average monthly increase was 3.4 billion yuan, whereas during the same period last year, the average monthly increase was 2 billion yuan. 2) The volume of fixed deposits increased. In the first half of this year, the volume of fixed deposits increased by 16.1 billion yuan, an increase by 18 percent, accounting for 78.5 percent of the increased volume of savings. This was higher than the 14.1 percent increase of current deposits. Of the increased volume of savings in the bank, the portion of fixed deposits accounted for 93.3 percent in rural areas and 72.7 percent in towns and cities. 3) Savings in towns and cities increased. In the first half of this year, savings in towns and cities increased by 14.8 billion yuan, an increase by 19.1 percent. Individual savings of peasants increased by 5.7 billion yuan, an increase by 13.2 percent. 4) The readjustment of the interest rate for savings promoted a further steady increase of savings in banks and the large increase in fixed deposits. With the increase of the interest rate of fixed deposit by the People's Bank of China in April, savings in the bank in the second quarter increased by 6 billion yuan, which was 900 million yuan more than in the same period last year, and fixed deposit increased by 6.39 billion yuan.

DENG YINGCHAO RECEIVES DALIAN CPC OFFICIALS

OW210906 Beijing XINHUA Domestic Service in Chinese 1811 GMT 20 Jul 85

[By report Zhao Changchun]

[Text] Dalian, 20 Jul (XINHUA) -- This morning in Dalian, Deng Yingchao, member of the Political Bureau of the CPC Central Committee and chairman of the National CPPCC Committee, received the members and alternate members whom Dalian City's Sixth CPC Congress had just elected as well as the members of the city's Discipline Inspection Commission and responsible comrades of the city's People's Congress people's government, and CPPC Committee.

Deng Yingchao said: The Sixth Party Congress in Dalian City has been a success. I wish to warmly congratulate the congress for its success. In accordance with the guidelines laid down by the central authorities, the current congress had carried out organizational readjustments, electing some new comrades and helping some veteran comrades step down from their posts. This is fine. It shows the high sense of responsibility to the party and to the people that the congress has. Those veteran comrades who have stepped down must help new comrades, while the new comrades must boldly shoulder their responsibilities. She hoped that the responsible comrades in all fields in Dalian City would follow the instructions issued by the central authorities, maintain close touch with the actual conditions in Dalian, and work hard to bring about a new outlook in Dalian City. The Dalian City's Sixth Party Congress ended yesterday.

PLA SOLDIERS TO AID IN EASING HARBOR CONGESTION

OW201158 Beijing XINHUA in English 1040 GMT 20 Jul 85

[Text] Beijing, July 20 (XINHUA) — More than 850 Chinese soldiers will be dispatched over the next few days to join the bid to free ships stuck in bottlenecks at major harbors, an Army official said here today. They will help load and unload cargo at the major ports of Dalian, Qingdao and Shanghai.

Last week, the government called an emergency meeting to discuss the problem of more than 500 ships waiting to load and unload at Chinese ports. Unplanned imports of steel products are largely to blame for the build-up.

The Army is to provide two military wharves for civilian use for shipments of imports and exports — one in Dalian and the other in Qingdao. The official said the Army would also release two military warehouses and 280 motor vehicles to help in transport. The congestion problem is most severe in Shanghai Harbor, the largest in the country, where 164 ocean-going vessels are waiting to unload, and more than 653,000 tons of cargo are stockpiled. The government has launched other measures to ease the strain, such as stepping up road and rail transport for goods piled up in warehouses and mobilizing more people to shift the backlog.

STATE COUNCIL ORDERS LIGHTERAGE SERVICE EXPANDED

OW211028 Beijing XINHUA Domestic Service in Chinese 1559 GMT 19 Jul 85

[By Li Rongzu, reporter of the Central People's Broadcasting Station]

[Text] Beijing, 19 Jul (XINHUA) -- At the instruction of a leading comrade of the State Council, the State Council Leading Group in Charge of Sea, Land and Air Ports sponsored a special meeting today to study the expansion of lighterage services to unload cargo at seaports.

Lighterage service refers to using small boats to transfer the cargo of a large, offshore ship to the shore, thereby giving full scope to the functions of the piers built in shallow waters.

Because of certain irrational regulations, if a seaport wants to develop its lighterage operation, aside from additional work, it has to bear the cost of investing in lighterage facilities and must pay the lighterage fees. Therefore, departments concerned have been paying much more attention to building new piers than to developing lighterage service. This is why the development has always been slow in this area.

It was decided at today's meeting that, to ease port congestion, all ports should actively promote lighterage service whenever possible. If a large boat has to carry a lighter load because the shallow waters cannot accommodate its draft, the boat has to bear the lighterage fees. Ordinarily, the owners of the cargo should bear the lighterage fees. A port administration has the authority to assign boats for the service according to the actual situation.

The meeting also decided that, beginning in August, lighterage service will become one of the criteria for evaluating a port's performance and that the Ministry of Communications will set yearly and monthly lighterage quotas. By the end of this year, the volume of cargo handled by lighterage service provided by the nation's seaports should reach 20 percent of their handling capacity.

YUAN BAOHUA SPEAKS AT ENTERPRISE REFORM MEETING

OW220935 Beijing XINHUA Domestic Service in Chinese 1549 GMT 20 Jul 85

[By reporter Ge Daxin]

[Text] Beijing, 20 Jul (XINHUA) -- At a routine meeting on enterprise reform work held by departments of the State Council today, it was proposed that the current ideological and political work stressing communist ideals and discipline among enterprise staffs and workers should be closely linked to the real situation in reform and aimed at solving problems that emerge in reform to ensure the healthy progress of economic structural reform and the four modernizations along socialist lines.

At the meeting, responsible comrades of a number of departments in charge of economic work and some enterprise party committees introduced their initial methods and experiences in this regard. The department in charge of industry and communications under the Tianjin Municipal CPC Committee carried out down-to-earth investigation in a number of selected enterprises, paid attention to grasping the real ideological situation among party members and the masses, and carried out various forms of education in ideology and discipline aimed at solving important and widespread problems. It thus achieved concrete results. By focusing attention on reform issues which concerned staff and workers most, the Beijing No 3 chemical plant clarified vague ideas about the current situation among staff and workers and thus achieved concrete results in ideological and political work. In view of the narrow-minded view prevailing among its party-member cadres that "anything that benefits the enterprise and its staff and workers is justified," the Shenyang cable materials plant carried out education in party spirit among party members stressing the overall situation, thereby bringing about a great change in the spiritual outlook of the party members, staff, and workers.

Yuan Baohua, leader of the group in charge of enterprise reform in the nation, fully affirmed these methods and experiences. He said: In carrying out education in communist ideals and discipline geared to the needs of reform, it is necessary to seek truth from facts, pioneer new ways, and stress practical results. It is particularly important to carry out thoroughgoing investigation and study, gain firsthand material, grasp the major problems, and carry out education with a definite goal in mind. The leading cadres of enterprises must take the lead in studying and accept education. They must lead staffs and workers to love their country, their plant and their work, thereby fulfilling their immediate goals. In carrying out education in communist ideals and discipline, it is necessary to use various forms and methods that stress liveliness. It is particularly important to analyze and publicize typical cases, both positive and negative, in local areas and units, thereby promoting vivid education among staffs and workers. At the same time, it is necessary to be truly concerned about the well-being of staffs and workers, vigorously improve mess halls, nurseries, collective living quarters, and other services, and widely promote healthy cultural and sports activities, while never making any empty talk.

ANHUI CPC COMMITTEE HOLDS PLENARY SESSION

OW192358 Hefei ANHUI RIBAO in Chinese 30 Jun 85 p 1

[Excerpts] The fourth provincial CPC Committee held its second (enlarged) plenary session from 25 to 28 June. The session elected Anhui's delegates to the national conference of party delegates and relayed and studied the central leading comrades' important speeches and the guidelines set down at the national educational work conference. It also analyzed the current political and economic situation in this province, discussed the tasks at present, and studied measures to be taken to fulfill these tasks.

Attending the session were members and alternate members of the provincial CPC Committee; members of the provincial Advisory Commission and Discipline Inspection Commission; responsible comrades from prefectural and city CPC committees, responsible comrades from leading party groups of provincial departments, commissions, offices, and bureaus; as well as responsible comrades from CPC committees of universities and big enterprises. Responsible comrades from the east China inspection tour group of the Central Commission for Guiding Party Rectification were invited to the session. Comrade Wang Yuzhao delivered a speech.

After fully affirming the fine situation of healthy development that has appeared on all fronts in the province, the session pointed out that despite the excellent situation, our work still has a number of weak links and problems. It is presently imperative to earnestly grasp the following tasks: First, we should continue to conduct party rectification and correct new unhealthy practices. Party committees at all levels should strive to do a good job from beginning to end in party rectification with a high sense of responsibility. They should include the central leading comrades' important speeches in the series of documents that must be studied in connection with party rectification, especially as important documents to be studied during the comparison and examination phase and the rectification and correction phase. In carrying out party rectification, attention should be paid to conducting party-spirit education. Leading bodies at all levels should seriously strengthen their ideological and organizational work and earnestly improve their leadership style. As for correcting new unhealthy practices, it is necessary to grasp this work in a down-to-earth way. Emphasis should presently be put on correcting, investigating, and dealing with cases of new unhealthy practices, in particular major and typical cases.

Second, it is imperative to seriously and responsibly solve the problems existing in our work. In handling such problems, leaders should be brave in shouldering responsibility and take a serious attitude in solving them.

Third, comprehensive efforts should be made to improve social order and the standards of social conduct. Prompt action should be taken to strike hard at serious criminal offenses and economic crimes. Extensive education in the legal system should be conducted so that the vast numbers of cadres, especially leading cadres, will form the habit of acting according to the law and that the citizens at large, in particular the broad masses of young people, will know, understand, and abide by the law and will guard the sanctity of the law on their own initiative. Additionally, further efforts should be made to set up and improve mediation organizations at the grass-roots level and to do a really good job in mediating disputes.

Fourth, we should make ideological and political work a real success. It is necessary to conduct education on revolutionary ideals and discipline and take such education as a very important aspect of our ideological and political work.

Strengthening ideological and political work is not only a task for the Propaganda Department or Political Work Department of the party committee, but also a task that the leadership at all levels and all departments should take up. Through their work, all propaganda departments and mass media such as newspapers, journals, radio, and television should play the role of educating the people and stimulating them to go onward and upward.

Fifth, further efforts should be made to improve the leadership style. Leaders should make less empty talk and do more concrete work. Leading cadres at all levels should take the lead to go deep into grass-roots units to conduct investigations and studies. They should take the lead in displaying the spirit of seeking truth from facts and discard the style of doing superficial work without real results. They should also take the lead to serve the people and act as the people's good servants. The prominent problems presently concerning the leadership style are: too many meetings, too many documents, and too many routine activities. For this reason, it is imperative to strictly control the number of meetings; that is, no meeting should be held unless absolutely necessary. It is imperative to control the size and scale of meetings and to improve their quality. The number of documents should also be cut greatly; only absolutely necessary documents should be issued. If a document can be issued by a department, it should not be issued by the party committee or the government. Moreover, leading cadres should not be involved in routine activities and should discard the bureaucratic style.

Regarding our province's economic work in the latter half of this year, the session made the following eight proposals: 1) strictly control capital construction scale; 2) keep to the established limit of credit funds and make good and flexible use of them; 3) further control consumption funds; 4) strengthen unified control over foreign exchange to use it in a proper and flexible way; 5) intensify the control over commodity prices; 6) do an earnest job in financial and taxation work; 7) make continued efforts to adjust the agricultural structure; and 8) make good arrangements for developing markets in both cities and the countryside.

HONGQI INVESTIGATES JIANGSU ECONOMIC WORK

HK190945 Beijing HONGQI in Chinese No 13, 1 Jul 85 pp 15-17

[**"Investigation Report"** by Han Peixin: "**Investigation of Economic Work in Jiangsu Province**" — capitalized passages published in boldface]

[Text] Editor's note: This is a very good report that was made through investigation and analysis. If most of our comrades also carry out investigation and analysis in this manner, our work will become much easier to do. [end editor's note]

From late March to late April, I spent nearly 1 month touring all the cities and counties in the province and probing into the question of how we are to do this year's economic work well.

Before Spring Festival, some comrades were not clear enough about the problems that had cropped up in our economic work and thought that there was some deviation in our reform and some change in the situation. I have some worries about this. The large number of facts that I learned on that tour have proved to me that the CPC Central Committee's analysis of the situation and its macroeconomic policy decisions are correct and have won the consent and support of the vast number of cadres and masses of people and that the situation in the whole province is relatively satisfactory. In discussions with the comrades in those cities and counties I found that in order to consolidate and develop our province's fine economic situation, we have to satisfactorily grasp the following:

1. STRENGTHENING MACROECONOMIC ADMINISTRATION IS A POSITIVE POLICY AND WE SHOULD CONSCIENTIOUSLY CARRY OUT THIS POLICY IN A REALISTIC MANNER.

It is entirely necessary for the CPC Central Committee to put forth the policy of strengthening macroeconomic administration and this policy has a vital bearing on our economic work this year and in the future. The implementation of these measures will enable Jiangsu's economic construction to develop even more healthily. For this, people's understanding is relatively identical. However, some comrades are still not sure how to correctly implement the spirit of the CPC Central Committee's policies. They are not sure what they should and should not do. Therefore, they seem hesitant and cannot satisfactorily decide on what to do. This may affect this year's economic work and reform.

Regarding the question of our growth rate, the province's gross industrial and agricultural output rose last year by 18 percent, and in the first quarter of this year, gross industrial output was 31.7 percent higher than the same period last year. The main factors that have given rise to such a high growth rate are: 1) the reform in our economic structure promoted the development of production; 2) social demand increased; 3) newly acquired fixed assets (including those in the projects of technological transformation) gradually played their role; and 4) production of energy and raw materials increased relatively greatly since last year.

However, the excessively high growth rate was indeed accompanied by some abnormal phenomena. The most outstanding problem was that in the latter half of last year, too many loans were provided and the scale of the investment in fixed assets was too large. Some comrades blindly pursued high figures and inappropriately tried to turn their areas into 100 million-yuan townships and 10 million-yuan villages. As a result, the growth rate of our industry became even more excessive. Now, some of our comrades still fail to adequately realize the latent danger of excessively high growth rates. Some comrades in northern Jiangsu hold that their areas have a weak foundation and are now only making a beginning; therefore, they think that their growth rate should not be restricted. Some comrades in southern Jiangsu hold that the economic results in their areas are satisfactory; therefore, they should conduct more projects and achieve a higher growth rate and that there should be no restrictions. They all say that there should be no "uniformity," but in fact, they all want to be free from any control. In order to solve these problems, we should first teach our cadres and masses of people to heighten their sense of the overall situation and unify their thoughts and understanding.

Second, the key to controlling our growth rate at present is to control credit. In controlling credit, we should stress proceeding from reality, control what should be controlled, and provide loans that should be provided. We should firmly reduce the scale of the investment in fixed assets and switch from the practice of mainly relying on extensive expanded reproduction into the practice of mainly relying on intensive expanded reproduction.

Third, we should firmly persist in making concrete analysis of concrete problems and deal with different things in different ways. For example, in southern Jiangsu, the township and town enterprises have already developed to a fairly great scale and now we should guide these areas in conducting technological transformation and raising the quality of their products, and we should also reorganize and improve these enterprises through the establishment of combines. In northern Jiangsu, particularly, in some backward areas, the credit limits have not been exceeded and we should conscientiously help these areas with funds and credit. However, we should pay attention to suiting measures to local conditions and should not entirely copy southern Jiangsu's previous methods.

Fourth, in carrying out macroeconomic administration, we should mainly adopt economic methods and effectively apply economic levers such as interest rates, tax rates, and prices. We should not rely simply on administrative orders. People all hold that in solving current problems, we should not seek "uniformity," slam the brakes on, or regard symptoms as trends. Nor should we scold the comrades at the basic level because of the mistakes in the work of certain departments. Xuzhou City's growth rate last year was 14.4 percent, lower than the provincial average. About this, some comrades have complaints and think that Xuzhou lags behind other areas. Xuzhou City CPC Committee and government were relatively cool in handling this problem. They put forth the goal of achieving a growth rate of 8-10 percent this year and did not blindly try to achieve as great a growth rate as that achieved by other areas, but they always stressed vigorously grasping economic results.

In the first quarter of this year, the city basically achieved a synchronous increase in its industrial output value and financial revenue. I think that this was a relatively correct method. Our localities and enterprises should conscientiously obey and coordinate with the macroeconomic administration of the state. In doing so, the most fundamental thing they should do is to increase their economic results. Under this prerequisite, they are allowed to each give full play to its ability and "do what they want to do within the scope allowed by the principles."

Money supply has been tightened and credit has been controlled. As a result, there is a shortage of funds in some areas and enterprises. However, the comrades in these cities, counties, and enterprises did not complain, but thought of ways to raise funds through diverse channels. The concrete measures that have been adopted by some counties in Changzhou and Suzhou Cities were as follows: They have reduced the stock of finished goods in their storerooms and thus speeded up the turnover of their funds; they have sorted out their capital construction projects and pressed for repayments of overdue debts; their rural credit cooperatives issue shares among the masses of the people; and their enterprises have used as much of their retained profits as possible to increase their funds for renewal and transformation and to increase their floating funds.

Regarding the employment of the funds, all the cities reexamined one by one the projects that they had approved at the end of last year, and decided, in light of the different conditions of these projects, what projects had to go ahead, what projects could be delayed and what projects had to be suspended. First we should ensure the supplies of what is urgently needed to our production and give priority to supporting the production of the products that sell well in our market, well-known brand products, fine quality products, and new products, the production of the commodities for export that can earn much foreign exchange, and the development of energy and communications industries. We should also vigorously support new projects that produce products of fine quality, that have satisfactory economic results, and that can soon be completed as well as projects that can be completed and put into operation with few funds. In my opinion, this is a conscientious attitude that proceeds from reality.

2. TREASURE AND DEVELOP THE SATISFACTORY TENDENCY OF THE REFORM AND FURTHER STREAMLINE OUR ADMINISTRATION, DECENTRALIZE POWER, AND ENLIVEN OUR ENTERPRISES.

At present, the comrades in our enterprises have a great enthusiasm for the reform, but there have also emerged some problems worth paying attention to.

- 1) Some comrades and masses of people are in an anxious state of mind and have the mentality of "waiting" (waiting and refraining from taking any actions until there are orders from above), the mentality of "fear" (the fear that they will be held responsible when problems crop up), and "complaint" (they complain that the policies are not earnestly formulated for implementation).

2) Some of the power that must be transferred down to the enterprises has not been actually transferred to them. Some of the power has only been nominally transferred to the enterprises, but not actually transferred. As a result, there is only decentralization of power in name while it is a division of power in fact. Other powers that must be transferred to the enterprises have been taken away by intermediate links in the process of the transference and some departments have even been taking back the power that has already been transferred down. Regarding our enterprises themselves, they lack experience in actually satisfactorily using the power that has been transferred down to them. Most of the enterprises have only implemented the contract economic responsibility system, but failed to carry out corresponding internal reform. 3) The tasks of price and wage reform are relatively heavy this year. As a result, some comrades neglected the reform in our enterprises. Other comrades wrongly related some of the problems that have cropped up in our economy and some unhealthy practice with the practice of streamlining administration and decentralizing power, and in particular, they have many complaints about the reform in our enterprises.

When I talked with the comrades at the basic level, they all held that in carrying out the reform this year, we should continue to closely grasp the key link of enlivening our enterprises and vigorously grasp the implementation of the various measures to streamline our administration and decentralize power. It is necessary to probe into and start to carry out as soon as possible further reform in the system and structure of the organs at the provincial level in order to enable the reform in our superstructure to be better suited to our economic foundation.

3. OUR PROVINCE'S WORK OF OPENING UP TO THE OUTSIDE WORLD SHOULD BE FOCUSED ON THE TECHNOLOGICAL TRANSFORMATION OF THE EXISTING ENTERPRISES AND ON THE EFFORTS TO INCREASE EXPORTS AND EARN MORE FOREIGN EXCHANGE.

There is relatively great number of old enterprises in Jiangsu and the task of technological transformation is relatively heavy. As an old industrial base, Jiangsu should strive to assimilate advanced foreign technology and produce the products that are really up to the mark and put them in the international market. In other words, in spending our foreign exchange, we should simultaneously attain the following two aims: 1) We should raise the technological level of our enterprises; 2) We should earn more foreign exchange. Only by so doing can we start a benign cycle in spending our foreign exchange and avoid the practice of spending foreign exchange to earn renminbi or spending foreign exchange only in building hotels and guesthouses and purchasing high-grade consumer goods. Nantong and Lianyungang Cities are provided with satisfactory conditions for opening up to the outside world. They have not only good ports, but also quite good existing industrial foundations. Nantong's light and textile industries have a history of about 100 years and there is much to do in carrying out technological transformation in their old enterprises. By contrast, the economic results of the practice of concentrating our energy and financial resources on setting up and developing new areas are not necessarily high. The construction of new developing areas should make steady progress and we should not overreach ourselves in developing them by pursuing an excessively large scale of construction. By so doing we will prevent excessive scale from lowering our economic results.

Nantong, Lianyungang, Suzhou, Wuxi, and Changzhou would like to have control of their exports. Moreover, some enterprises that do much import and export business also wish that they could be granted control of their exports. I agree with their view. After granting localities and enterprises exports powers, the central authorities can formulate some concrete export policies to give guidance and exercise control.

For example, they can adopt the method of fixing lower limits but no ceiling for export prices to exercise supervision and management over prices; and they can transfer downwards the power to allocate quotas for some commodities. They should allow localities and enterprises to act in light of the situation within a fixed scope.

Our province has two open coastal cities and one open economic zone and thus some of our rural areas have been provided with even better conditions for following the "trade-industry-agriculture" path. All of the people I met reflected that a relatively great problem is that they do not have quick access to information and cannot accurately forecast the changes in prices in foreign markets. Often, the risk caused by price changes in the international market is directly undertaken by our peasants. For example, for a time in the past, rabbit fur was unmarketable and the peasants killed many of their rabbits. As a result, when there was a turn for the better in market situation, it was too late for them to resume their rabbit breeding undertakings. This has given rise to the current situation of competing with one another in purchasing rabbit fur and thus causing the prices to rise. Therefore, there is a demand that someone provide our peasants with information and purchase and marketing service. In particular, when some risk has emerged, there should be a buffer mechanism, a "relay station" that can shift the goods for export to the domestic market and a processing industry that is capable of meeting emergencies. All our departments of foreign trade, agriculture, and purchasing and marketing should shoulder this responsibility. Through probing, we should establish an export system that can protect our peasants' interests as well as compete with foreigners in the international market.

SHANGHAI CONGRESS STANDING COMMITTEE MEETS

OW230809 Shanghai City Service in Mandarin 0100 GMT 21 Jul 85

[Text] The Shanghai Municipal People's Congress Standing Committee held its 16th meeting on the morning of 20 July. The meeting continued to discuss matters relating to the convocation of the fourth session of the eighth municipal People's Congress, which is to be held on 24 July. The Standing Committee presented the following main items on the agenda: first, to examine the Draft of Popularizing Compulsory Education in Shanghai Municipality; and second, to elect the mayor of Shanghai Municipality, to additionally elect vice mayors and members of the municipal People's Congress Standing Committee, and to elect the president of the municipal Intermediate People's Court.

Yesterday's meeting also examined and approved the municipal People's Congress Standing Committee delegates' credentials committee's examination report on the change in representation and the additionally elected delegates. The credentials of the nine delegates elected by the district and county People's Congress Standing Committees were endorsed by the meeting. The nine delegates were: (Wang Ke), Wang Yuanhua, Jiang Zemin, (Shen Minchang), Rui Xingmen, (Lu Ming), (Tao ~~Jianxiang~~), (Xie Lijuan), and Xiong Ruixiang. The meeting examined and approved the Finance and Trade Commission's report on results of the examination of the motion for formulating local provisional regulations on management of hospitals in Shanghai Municipality. The meeting also approved appointments and dismissals. The meeting decided to remove Li Jiagao from his post as director of the Shanghai Municipal Economic Commission, Xiong Ruixiang from his post as director of the Shanghai Municipal Finance Bureau, and (Yao Genlin) from his post as vice president of the Shanghai Municipal Higher People's Court.

Hu Lijiao, chairman of the municipal People's Congress Standing Committee, presided over the meeting.

SHANGHAI LEADERS HELP WITH GARBAGE DISPOSAL

OW230503 Shanghai City Service in Mandarin 0100 GMT 21 Jul 85

[Text] The leaders of the Shanghai Municipal CPC Committee and the municipal government went to the garbage pier on (Wuzheng) Road to help with garbage disposal work at 0620. The garbage pier is the largest in Huangpu District, handling a total of 250 tons of garbage daily on peak days. Over 100 tons of garbage has accumulated at the pier today and is waiting for disposal.

The municipal CPC Committee's Secretary Rui Xingwen, Deputy Secretaries Jiang Zemin, Ruan Chongwu, Huang Ju, and Wu Bangguo, Vice Mayor Ye Congqi, and advisor to the municipal government Yang Kai put on work clothes like sanitation workers and helped with garbage disposal work. Rui Xingwen and Jiang Zemin also delivered towels to workers to use in wiping off sweat.

Rui Xingwen told the station reporters: A very important symbol of a socialist city is tidiness and cleanliness. We came here to support and show respect for the work of sanitation workers. At the same time, we also hope that all units and inhabitants of Shanghai will support this work.

Jiang Zemin, deputy secretary of the municipal CPC Committee, wrote an inscription for the sanitation workers on 20 July that read: "Cleanliness, sanitation, and tidiness are the main symbols of a civilized city."

FOREIGN EXPORTS EXPAND IN SHANGHAI SUBURBS

OW221205 Beijing XINHUA in English 0636 GMT 22 Jul 85

[Text] Shanghai, July 22 (XINHUA) -- Shanghai's suburbs have become a major export center. Agricultural officials here said today that Shanghai's ten suburban counties have set up 15 Shanghai-foreign joint ventures as well as a dozen joint enterprises with municipal foreign trade departments to produce export goods.

The counties sent 1,350 million yuan worth of goods for export to the foreign trade departments last year. This accounted for 16 percent of the city's exports. The amount of export goods by these counties has averaged an annual 24 percent rise since 1978.

Expansion has been in response to suggestions by foreign trade departments including electrical fans, spring locks, and portable bicycle pumps. This is apart from farm and sideline produce and traditional arts and crafts.

HENAN REVIEWS 6-MONTH INDUSTRIAL PERFORMANCE

HK220425 Zhengzhou Henan Provincial Service in Mandarin 1230 GMT 21 Jul 85

[Excerpts] Henan's industry and communications front has seriously implemented the CPC Central Committee decision on reform of the economic structure and persistently carried out the principle of invigorating the domestic economy and opening up to the world. The province's industrial production has developed in a sustained, steady, and coordinated way. Total output in the first half of the year amounted to 54.2 percent of the year's plan. The good performance during the period was marked by the following main characteristics:

1. Production developed steadily. Total output in the first quarter was 28 percent higher than the same period last year, and a further rise of 9 percent was recorded in the second quarter.

2. The pace of light and textile industrial production increased. Total output of light industry in the first half of the year was 33.9 percent higher than in the same period last year, while that of heavy industry rose by only 22.7 percent.

3. There was basic balance of output and sales. Except for certain products of the chemical industry, the province's products sold quite well. This particularly applied to textiles. Stockpiles of cotton yarn and cloth declined during the period.

4. The enterprises developed lively horizontal economic ties.

There were also some problems in industrial production in the first half of the year. There were shortages of coal, electricity, transport, and raw materials. These problems need to be solved in the second half of the year.

PLA STREAMLINING MEETING HELD IN WUHAN REGION

HK200125 Wuhan Hubei Provincial Service in Mandarin 1100 GMT 15 Jul 85

[Text] According to XINHUA, the CPC Committee of Wuhan Military Region held an enlarged meeting from 12 to 14 July to convey and implement the spirit of the enlarged meeting of the Central Military Commission and study and make arrangements for restructuring, streamlining, and organizing the military region's organs and units. The meeting called on the commanders and fighters of the whole region to carry forward the fine traditions of the People's Army, stress the overall picture, unity, and discipline, and ensure the smooth accomplishment of the strategic policy decision of the Central Military Commission.

Wuhan Military Region Political Commissar Yan Zheng and Commander Zhou Shizhong made speeches. Yan Zheng stressed: The scheme for restructuring, streamlining, and reorganizing the Armed Forces decided on by the enlarged meeting of the Central Military Commission has been drawn up in light of the international and domestic situation and the actual state of the Armed Forces. Apart from solving organization and work the problems of reform of the structure, streamlining, and reorganization, this scheme also fulfills in guiding ideology the strategic shift in the building of our Armed Forces and opens a brilliant new page in the history of the Armed Forces. It will have an extensive and far-reaching impact on building a modern, regular, and revolutionary Army with Chinese characteristics. We must unswervingly and resolutely implement this scheme.

Yan Zheng pointed out: This restructuring, streamlining, and reorganization of the Armed Forces is not an ordinary reform but a revolution and a strategic move. The scale of this reform, the scope of its involvement, and the depth of its impact are unprecedented in the history of our Army. It is bound to involve the vital interests of every unit and indeed every individual. Hence, we must apply the spirit of the enlarged meeting of the Central Military Commission to unify the thinking and action of the commanders and fighters.

Specifically, first, we must establish the overall concept that national defense construction is subordinate to economic construction. We must profoundly realize the far-reaching significance of the streamlining and reorganization of the Armed Forces, and get a thoroughly good grasp of this work, acting with a high sense of responsibility.

Second, we must strictly observe organizational discipline, and obey orders and commands. In particular, those units being abolished or amalgamated with others must unswervingly implement the decision of the Central Military Commission.

Third, the leading cadres must set an example, correctly understand and view the question of remaining in or leaving the Army, establish the idea of being willing to suffer loss for the sake of the people, and resolutely obey and carry out orders.

Fourth, we must stress unity and good style, make allowances for and help each other, reserve the difficulties for ourselves and let others handle the easy things.

Units that are being amalgamated with others or are having their subordinate relationship changed must learn from and trust each other and establish revolutionary friendship and militant unity with each other as quickly as possible.

Commander Zhou Shizhong spoke on how the units of the military region should do a good job in restructuring, streamlining, and reorganizing work.

The leading cadres attending the meeting expressed resolute support for the strategic policy decision of the central authorities and seriously discussed how to do a good job in streamlining and reorganizing the units of the region. They expressed resolve to satisfactorily fulfill this task in accordance with the demands of the Central Military Commission.

FORUM DISCUSSES HUNAN'S RURAL RESTRUCTURING

HK210718 Changsha Hunan Provincial Service in Mandarin 1100 GMT 20 Jul 85

[Excerpts] The provincial CPC Committee and government have convened a forum on rural work, which called on the province to speed up the readjustment of the rural production structure in accordance with the demands of commodity production.

The meeting held that the rural areas have scored some success in readjusting their production structure in the past 2 years. In field cultivation, the proportion of grain has declined and that of industrial crops has risen. In agriculture as a whole, the proportion of crop cultivation has declined, while that of stockbreeding and forestry has increased. In the rural economic structure, the proportion of agriculture, forestry, animal husbandry, sideline occupations, and fisheries has declined, while that of industry, commerce, transportation, construction, and building materials has risen.

However, viewing the province as a whole, this is only a start. The task of readjusting the rural production structure remains very arduous and there is still a great deal of work to do. This readjustment is an important task in the current second-stage reform in the rural areas. It is the key to achieving doubling. Hunan has extensive area and rich resources. There can be no new breakthrough in the rural economy and agricultural production cannot attain a benign ecological and economic cycle unless we change the single-product rural economic structure focused on crop cultivation and establish a structure suited to our natural and manpower resources.

Talking today about readjusting the rural production structure does not refer only to agriculture. To a very large extent it means developing secondary and tertiary industries. The core in readjusting the rural production structure is the distribution of manpower among the various trades and sectors. After a period of effort, we should achieve a yearly increase in the output value of secondary and tertiary industries and in the manpower they use, so that their proportion will exceed that of agriculture.

In readjusting the rural production structure it is necessary to act in light of local conditions and seek truth from facts.

The meeting stressed: We must at all times attach importance to and grasp grain production. Grain is a major agricultural product in Hunan. Its output value is nearly half the total value of the province's agriculture. The performance in grain production not only has a big impact on peasant incomes but is also related to the development of stockbreeding and the food processing industry. It is related to the development of the entire national economy.

Grain is a strong point in Hunan. To utilize and take advantage of this strong point, we must turn grain into a commodity. We must develop production of fine-quality rice according to the market requirements, promote the processing and conversion of grain, and increase output of meat, poultry, eggs, and milk, thus increasing the value of the grain at many levels.

Grasping grain production depends mainly on raising yields in order to raise total output. We must not set taking advantage of our strong point in grain against readjusting the production structure.

The meeting demanded that leaders and departments at all levels provide more service work for readjusting the rural production structure, especially in production and sales, transport, storage, information, capital, and technology, so as to spur the development of the rural economy.

At present the drought is serious. We are also in the busy season of crash-reaping and sowing. It is essential to embrace the idea of fighting natural disasters to reap a bumper harvest. The primary task at present is to fight drought and crash-transplant the late rice. We must do everything possible to complete the transplanting plan and reap a bumper harvest of late rice.

The meeting was held in Changsha from 13 to 19 July. Participating were responsible persons from prefectures and cities and from some provincial departments and bureaus. Provincial CPC Committee Secretary Mao Zhiyong and Governor Xiong Qingquan made speeches. Vice Governor Cao Wenju made a report on rural economic work.

GUIZHOU'S HU JINTAO OUTLINES PROVINCE'S TASKS

HK230137 Guiyang Guizhou Provincial Service in Mandarin 2300 GMT 22 Jul 85

[Text] On the morning of 22 July, Guizhou Provincial CPC Committee Secretary Hu Jintao made a speech at a forum attended by leading comrades of the provincial CPC Committee, Advisory Commission, Discipline Inspection Commission, People's Congress Standing Committee, people's government, CPPCC, and military district, and of Guiyang City.

In his speech Comrade Hu Jintao said: The CPC Central Committee has transferred me to do work in Guizhou. From the first day I arrived here, I have identified myself with developing and invigorating Guizhou's 176,000 square kilometers of land and making the province's 29 million people of all nationalities rich and happy. He pledged: I will study and practice hard, resolutely implement the line, principles, and policies since the 3d Plenary Session of the 11th CPC Central Committee, and work with the province's party members and masses to transform the backward state of Guizhou. Hu Jintao focused on four issues in his speech:

1. We must attach importance to knowledge and talent. He said: Guizhou is rather backward compared with fraternal provinces. Apart from historical reasons, the key to this lies in its backwardness in education and lack of talented people. To turn Guizhou's resource advantages into economic resources and promote work in the province, it is all the more important and urgent to respect knowledge and attach importance to talent.

On the question of talented people, we should mainly tap our existing potentials, bring people in from elsewhere, and train talented people. This means that we should tap our existing resources of talented people and bring their role into full play. At the same time we must adopt various measures to bring talented people in from elsewhere to serve Guizhou's economic construction. We must base our efforts on grasping basic education and do everything possible to train talented people.

The leading comrades at all levels must cherish, seek after, and lure talented people. We must be resolved to improve the education standard of the cadre force. Only if the cadres of the whole province establish the concept of respecting knowledge and attaching importance to talent can we follow the tide of reform and of the development of modern science and technology and have a firm basis for transforming Guizhou's backwardness.

2. We must strengthen unity and promote the unity of people from all corners of the country. The invigoration of Guizhou depends on the joint efforts and united action of the cadres and masses. This has been proved by many years of practice in Guizhou. Only by following the cadre line of promoting the unity of people from all corners of the country and appointing people to posts on their merits can we build a cadre force with strong party spirit, good work style, high level of knowledge, and abounding in the pioneering spirit, and thus meet the needs of Guizhou's four modernizations.

In order to improve work in Guizhou, apart from strengthening the unity of the cadre force, we must also strengthen the unity of people of all nationalities in the province. We must cherish the unity of nationalities as we cherish our own eyes.

3. We must seek the truth, work in a pragmatic way, and seek practical results. This is the work style and method that we must uphold.

As the leading central comrade has demanded, we must speak practical words, do practical things, and stress practical results; we must not shout empty slogans, put on airs, or work in a superficial way. We must be concerned for the masses' woes and their vital interests, and seek to improve things for them.

4. We must persevere in reforms and be bold in pioneering. In order to transform Guizhou's backward state, we must make still greater efforts than other, advanced areas, and work with still greater energy. We must establish the idea of striking root in Guizhou and working hard here for a long time. We must have a strong pioneering spirit. Only by persevering in reforms and being bold in pioneering can we attain our goal of building and invigorating Guizhou and enriching the people.

Comrade Hu Jintao stated in conclusion: The four things I have spoken of above must be implemented in future work. We must work together with the people of all nationalities in the province to run Guizhou well and strive to promote the province's enrichment and civilization.

Comrades Zhu Houze, Wang Chaowen, Su Gang, Shen Yunpu, Zhang Yuhuan, and Xu Caidong also spoke at the forum.

SICHUAN CONGRESS COMMITTEE MEETING CONCLUDES

HK210649 Chengdu Sichuan Provincial Service in Mandarin 1030 GMT 20 Jul 85

[Excerpts] The 14th meeting of the 6th Sichuan Provincial People's Congress Standing Committee concluded today. Vice Chairman Meng Dongbo presided at the meeting today. Also present were Chairman He Haoju and Vice Chairmen Qin Chaunhou, Feng Dixian, Ji Chunguang, Liu Haiquan, Liu Xilin, Zaxi Zheren, Wang Ao, Deng Zili, and Wang Yanli.

The meeting pointed out: At present a few state work personnel in some places in the province pay no heed to law and discipline, and make random use of their powers to violate the democratic and personal rights of the citizens, seriously damaging the dignity of the Constitution and the law, wrecking the state organs' ties with the masses, and harming the masses' enthusiasm. It is therefore necessary to further strengthen inspection work concerning law and discipline.

XIZANG PEOPLE'S CONGRESS SESSION OPENS 18 JUL

HK190227 Lhasa Xizang Regional Service in Mandarin 1130 GMT 18 Jul 85

[Excerpts] The Fourth Session of the Third Xizang Regional People's Congress solemnly opened in Lhasa this morning. The session is being held amid a situation in which the region has scored new success in practicing the policy of enlivening the domestic economy and opening up to the world.

The agenda of the session is as follows: 1) to hear and examine the regional government work report; 2) to hear and examine the report of the regional economic and planning commission on the region's draft 1985 plan for national economic and social development, and examine and approve the plan; 3) to hear and examine the report of the regional financial department on the final accounts for 1984 and the draft budget for 1985, and to examine and approve the 1985 budget; 4) to hear and examine the work report of the regional People's Congress Standing Committee; 5) to hear and examine the report of the regional Higher People's Court; 6) to hear and examine the report of the regional People's Procuratorate; 7) elections, and other matters.

Ngapoi Ngawang Jigme, chairman of the regional People's Congress Standing Committee, presided at the opening ceremony. He introduced regional CPC Committee Secretary Wu Jinghua to the deputies.

Amid warm applause, regional government Chairman Duojiecaidan delivered a government work report entitled "Be Keen on Reform and Invigorate Xizang's Economy." He said: The year 1984 marked a major turning-point in economic work in Xizang. It was a year in which profound changes occurred in all fields. During the past year, we have resolutely implemented the correct principle of carrying out reform, opening up, and invigorating the economy, and united in forging ahead. New achievements have been scored in all work. Breakthrough-style progress has been made in reform of the economic structure, and an excellent situation has emerged.

Duojiecaidan said: The guiding principle of future economic work is: We must uphold the guiding idea of two changes in developing Xizang's economy; practice the special principle of focusing on regulation by market mechanism; implement the policy of keeping two things unchanged for a long time; promote the development of the productive forces in the agricultural and pastoral areas, implement the principle of focusing on animal husbandry, and do a good job in readjusting the production structure of the agricultural economy; change the traditional concept of natural economy, and vigorously develop commodity economy; persistently open up to the world and strengthen management; and invigorate the enterprises by means of competition. Progress and development can only come about through competition.

The future tasks are: to seriously grasp the reform of the wage and price systems; continue to strengthen energy and communications construction; speed up the training of talented people; carry out technological transformation of the enterprises, focusing on key points and doing the work in a planned way; strengthen fiscal work and improve the efficiency of capital utilization; do a good job in building the 43 projects; and draw up the Seventh 5-Year Plan.

Present at the opening ceremony were leading comrades of the party, government, and Army in the region Wu Jinghua, Redi, Yangling Duoji, Ba Sang, Li Wenshan, (Mao Rubao), Wang Xinquan, Duojicairang, Dan Zeng, Hu Songjie, Jiang Cuo, Jipu Pingcuocideng, and Jiang Hongquan.

In the afternoon Xiang Yang, chairman of the regional Economic and Planning Commission, reported on the execution of the 1984 national economic plan and the draft plan for 1985. (Tian Fujin), deputy director of the provincial Financial Department, reported on the final accounts for 1984 and the draft budget for 1985.

Chairman Xiang Yang said in his report: Xizang made new progress in economic construction in 1984, and gratifying changes occurred. Total industrial and agricultural output value was 806.51 million yuan, an increase of 14.7 percent over 1983. Total output value of agriculture and animal husbandry rose by 16.8 percent. Average per capita income in the region increased by 46.9 percent. Total industrial output value rose by 7.5 percent. Good achievements were recorded in communications and transport, capital construction, commerce, supply and marketing, and fiscal work.

However, there are still many problems on our way ahead. We must seriously deal with them and gradually solve them.

After reporting on the tasks and targets for 1985, Chairman Xian Yang said: We must grasp the following main measures in order to achieve the targets for 1985: 1) Unswervingly carry out reform of the economic structure. 2) Rely on science and technology, practice scientific agriculture and animal husbandry, improve the production conditions, and strive for a bumper harvest. 3) Rely on technological progress to improve economic results. 4) Strengthen the management of capital construction and ensure the completion of projects for celebrating the 20th anniversary of the autonomous region.

(Tian Fujin) said in his report: Compared with 1983, the region's financial revenue rose by 129.2 percent and its expenditures by 74.2 percent. For the first time, revenue exceeded expenditure in a year and use was made of surplus funds from previous years.

In 1985, in accordance with the new fiscal structure, the central authorities' fixed and special subsidies for our region may be set at 961.488 million yuan. However, judged in light of the requirements of various sectors, there will still be a big gap. In order to balance the budget, 30 million yuan will be drawn from the surplus in basic depreciation funds from previous years. In this way the total budget arranged for 1985 will be 991.488 million yuan.

In order to achieve the revenue and expenditure budget for 1985, it is necessary to get a good grasp of the following tasks: 1) Strengthen enterprise management, work hard to reduce deficits and increase surpluses, and further improve economic results. 2) Continue to straighten out the guiding idea for professional work, and further promote reforms in fiscal and taxation work and in controlling capital construction investment. 3) Work hard to organize revenue, and strictly control expenditures. 4) The government at all levels must act according to the new fiscal management structure, follow the principle of acting according to ability, and do a good job in balancing local revenue and expenditure. The localities are absolutely prohibited from going in for deficit financing. 5) Strengthen fiscal management, strictly observe financial and economic discipline, and resolutely curb various unhealthy trends.

The regional government also delivered a report on handling 25 motions submitted at the 2d session of the 4th regional People's Congress. Beginning 19 July, the session will hold panel discussions on the government work report and the three other reports.

I. 23 Jul 85

P R C R E G I O N A L A F F A I R S
NORTH REGION

R 1

BEIJING TO REDUCE SCALE OF CAPITAL CONSTRUCTION

HK210614 Beijing ZHONGGUO XINWEN SHE in Chinese 1345 GMT 19 Jul 85

[Text] Beijing, 19 Jul (ZHONGGUO XINWEN SHE) -- Beijing Municipality will begin today to reduce the scale of capital construction by a large margin. The reduction will be by over 30 percent.

Su Zhaolian, a senior official in charge of the capital construction of Beijing Municipality, said today that in the first half of this year, Beijing's capital construction scale expanded rapidly. The total investment during this period reached 6.5 billion yuan, a record high in the history of Beijing. The task of construction assigned to lower levels was 37 million square meters, 38 percent more than in the same period last year.

On two different occasions about a month ago, State Council Vice Premiers Wan Li and Tian Jiyun listened to reports by Beijing Municipality on this issue and asked to have the scale of the municipality's capital construction reduced.

According to reports, Beijing Municipality is reorganizing and dismissing construction teams from other cities that do not have a steady quality in their work. At the same time, priority will be given to construction items that have better conditions. The municipal government hopes that in this way the area of construction this year will be controlled to under 20 million square meters or so. The construction of a number of office buildings, exhibition halls, and auditoriums will be suspended.

Su Zhaolin said that the policy for Beijing's capital construction this year is to give priority to the construction of housing developments, hospitals, schools, buildings for departments involved in foreign affairs, and joint-venture projects with foreign funds for which contracts have been signed. Among these, the construction of housing developments and hospitals must be ensured. It is estimated that this year Beijing will complete the construction of housing developments with a floor space of 4.5 million square meters, a larger amount than last year.

NEI MONGGOL FORUM ON SECOND-STAGE RECTIFICATION

SK230418 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 22 Jul 85

[Text] The regional forum on the second-stage party rectification was held in Baotou from 17 to 19 July. Attending the forum were responsible comrades of party rectification offices under various league and city CPC committees; responsible comrades of some banners, counties, and sumus; and responsible persons of departments concerned. Shi Guanghua, Standing Committee member of the regional CPC Committee and deputy director of the Party Rectification Office under the regional CPC Committee, presided over the forum. Also attending the forum were comrades of the north China party rectification inspectors' group under the Central Commission for Guiding Party Rectification.

At the forum, participants conscientiously discussed how to penetratingly develop party rectification at the banner or county level and how to carry out party rectification in rural and pastoral areas, and made a brief report on the development of the second-stage party rectification in various localities. To ensure the smooth development of the second-stage party rectification, participants suggested grasping the following tasks well:

1. We should fully understand the significance of successfully carrying out party rectification in various banners, counties, townships, towns, and sumus. Party and government organs at the banner or county, and at the township, town, or sumu levels are at the forefront of the reform of the economic, scientific and technological, and educational systems. The situation regarding the ideology, work style, and fighting capability of these party organizations has a bearing on the success or failure in implementing the party line, principles, and policies and in the reform and economic construction.
2. We should further define the guiding ideology of ensuring and promoting the reform with party rectification. CPC committees at all levels and all comrades in charge of party rectification should deeply understand and consciously submit themselves to the overall situation of the reform, combine party rectification with reform in an effort to make party rectification and reform promote each other, and strive to grasp party rectification and reform simultaneously.
3. We should give prominence to the education on party spirit, ideals, and discipline. Leaders at all levels should take the lead in studying and set an example in conducting the education. Party-member leading cadres should set an example in stressing party spirit, having ideals, and being disciplined. The education should be conducted in a lively, flexible, diversified, firm, and unremitting manner.
4. We should carry out the party rectification of leading bodies at the banner or county level with high standards and high quality, and strive to build the leading bodies at the banner or county level into a firm core that is willing to serve the people wholeheartedly, that has a healthy work style and is highly disciplined, and that is able to lead the masses to develop the four modernizations.
5. We should pay attention to the work of conducting rectification and correction. Our efforts should be concentrated on solving some prominent problems that involve a wide range of matters and have a bearing on the production and livelihood of the masses. We should be bold to take up and cope with the unhealthy trends inside the party, and seriously investigate and deal with the major and appalling cases that have aroused public indignation and seriously corrupted the party style.
6. We should actually change the leadership style, firmly foster the idea that leadership means service, and resolutely overcome the bureaucratic work style of being irresponsible, neglecting efficiency, refusing to conduct investigations and studies, and showing no consideration for the weal and woe of the masses. The party and government organizations should strengthen the leadership over and the assistance to the work in rural and pastoral areas and the work in other fields, and strive to engage in less idle talk and do more solid work.
7. The focus of party rectification in rural and pastoral areas should be placed on various township, town, and sumu CPC committees. Focusing on developing production and building the two civilizations, the party rectification in rural and pastoral areas should be carried out in a realistic, mild, and civilized manner in order to enhance the ideological awareness of the broad masses of party members.

At the conclusion of the forum, Comrade Shi Guanghua made a speech. He said: Success or failure in party rectification hinges on the work of rectification and correction. In judging whether or not the party rectification has been conducted perfunctorily, we should, primarily, see whether or not the work of rectification and correction has proceeded perfunctorily. Therefore, all localities should pay attention to this work so that the party rectification in rural and pastoral areas can develop soundly and smoothly.

HEILONGJIANG MEETING ON CONTROLLING PORNOGRAPHY

SK200400 Harbin Heilongjiang Provincial Service in Mandarin 1000 GMT 18 Jul 85

[Excerpts] A provincial work meeting on the management of audio and video products was convened in Harbin City recently. The meeting stressed strictly controlling audio and video products, generally consolidating business videotape projection units, and strictly punishing, in accordance with the law, lawbreakers who disseminate reactionary, obscene, pornographic, and crude audio and video products.

Over the past few years rapid progress has been made in audio and video facilities. Broadcasting facilities have been widely set up in urban and rural areas of the province. Audio and video products, radios, television sets, and videorecorders can be found all over the province.

According to statistics, the province has nearly 1,000 business videotape projection teams and units. The meeting called for generally conducting consolidation among these teams and units. In the course of consolidating them, we should stress the nature and tasks of business videotape projection teams and units, correct their guiding ideology, and check the tendencies of only making money to the neglect of social efficiency. Various forms of videotape projection activities violating state regulations must be forbidden, and videotape projection units with business licenses must be consolidated. The criminals who disseminate reactionary, obscene, pornographic, and crude audio and video products must be ruthlessly attacked.

The meeting also decided that the collectives and individuals should generally register their videotapes with the authorities, and efforts must be made to generally check the tapes dealt with by commercial units and individual peddlers. Sound tapes and videotapes must be produced by sound tape and videotape production units with the approval of the state. No units or individuals are allowed to produce, duplicate, or record sound tapes and videotapes.

Radio Comments on Issue

SK200420 Harbin Heilongjiang Provincial Service in Mandarin 1000 GMT 18 Jul 85

[Station commentary: "Make Audio and Video Products Better Serve Spiritual Civilization"]

[Excerpt] At present audio and video products, radios, television sets and videorecorders can be found throughout the province. The appreciation of audio and videotapes has been an important component part of the daily life of the people. The audio and videotape industry is a new and developing industry. More and more people have begun to need them. Although audio and videotape production departments in different areas of the country have produced a large amount of home-made quality audio and video products over the past few years, we have failed to satisfy the needs of the people. Therefore, we must continue to vigorously open up sources of programs and to actively develop our own audio and videotape production industry. Through producing excellent audio and video products, we will disseminate patriotic and communist ideas among the broad masses of people, popularize and promote scientific and technological achievements, enrich our spiritual and cultural life, develop audio-visual education programs, and disseminate our own excellent audio and video products across the broad urban and rural areas.

At present, among the audio and video products that are popular in all localities of the province, some with healthy contents have been imported from Hong Kong, Taiwan, and foreign countries through legal channels. These tapes have fully played a role in cultural exchanges. Some of them have been imported through illegal means and their content are extremely unhealthy. Some reactionary, obscene, pornographic, and crude things have abominably affected some people's ideas. In the course of managing audio and video products, all localities must take decisive measures to strictly deal blows to those law-breakers who disseminate reactionary, obscene, pornographic, and crude audio and video products and educate the people to constantly guard against the influence of the corrosive and outdated ideas of capitalism and other exploiting classes. We must neither regard opening to outside places as opening the nation's doors wide nor accept all cultural [words indistinct] imported from Hong Kong, Taiwan, and foreign countries.

Opposing and resisting spiritual pollution [jingshen wuran] is one of the important long-term principles in building a socialist spiritual civilization. In managing audio and video products, we must always persist in this principle.

JILIN RADIO DENOUNCES TAX EVASION BY ENTERPRISES

SK220950 Changchun Jilin Provincial Service in Mandarin 1030 GMT 21 Jul 85

[Station commentary: "We Should Collect All Taxes That Deserve To Be Collected"]

[Text] At present the majority of enterprises throughout the province have consciously paid their taxes in line with the law on the basis of developing production and increasing incomes. However, enterprises in some localities and the leading cadres of some enterprises have been serious in departmental selfishness and weak in their sense of the legal system, resulting in the quite serious prevalence of tax evasion by violating the law and discipline. Judging from investigation data, the practice of tax evasion among the collectively and individually owned enterprises has been more serious. This also can be counted as a newly developed malpractice that violates state law, hinders the program of building the four modernizations, damages the party style, and corrupts cadres. Therefore, we must resolutely check it and correct it.

Tax revenues are the major financial resource of a country. Our country's tax revenues are gained from the people and will be used for the people. The state funds accumulated from tax revenues will be used for the construction of the country as well as building the four modernizations. Active tax payments by all industries and trades will result in an increase in state funds and in building key projects. All of this will create an abundant material foundation for the mass development of all industries and trades, including all enterprises. Tax payment by enterprises is in conformity with their fundamental interest of self-development. Therefore, some enterprises should actively accumulate construction funds for the state and carry out their tax payment obligations. Economic activities have increased day by day along with the development of the drive to carry out economic reforms. Thus, the state tax revenues also should be relatively increased.

However, a small number of enterprises have not exerted efforts to tap their latent powers and to seek economic results, but have persistently thought of tax deductions and exemptions. They have gotten along by seeking tax deductions and exemptions. Some have adopted illegal measures to conduct tax evasion or to be in arrears in tax payments. This is an erroneous practice that undermines the country's foundations and that cannot be tolerated by the law.

The tax law encompasses the scope of the law set forth by the state in line with the Constitution. All departments and enterprises and every individual must strictly abide by the tax law and pay their taxes in line with the law. Only by collecting all taxes that deserve to be collected can we ensure the steady increase in the state's financial means and the smooth progress in building the four modernizations.

LIAONING CIRCULAR ON CHECKING OBSCENE ARTICLES

SK200652 Shenyang Liaoning Provincial Service in Mandarin 1030 GMT 19 Jul 85

[Text] The provincial CPC Committee and government recently issued a circular on strictly checking and banning obscene articles, calling for conscientiously checking and banning such articles throughout the province in order to thoroughly eliminate obscene video products, and to deal serious blows to law violations and criminal activities in smuggling, manufacturing, and selling obscene articles and organizing the spreading of such articles.

The circular of the provincial CPC Committee and government points out: Since the beginning of this year, various obscene articles have spread throughout many localities in the province. They have harmed the ideology of the people, corrupted social values, and disrupted the building of socialist spiritual civilization. They constituted a prominent problem, inducing the people to commit crimes and disrupting public security. In order to protect the physical juveniles, and to ensure the smooth advance of socialist modernization construction, the provincial CPC Committee and government called on CPC committees, and governments of various cities, prefectures, and districts to assign a leader to assume specific responsibility, and to resolutely check the bad trend of smuggling, selling, recording, manufacturing, and projecting all kinds of videotapes and obscene articles in July and August.

The circular calls on the relevant departments to concentrate their time and efforts on comprehensively sorting out, registering, and consolidating the sales of videotapes and video players. In the future, party, government, and Army organs will not be permitted to engage in the videotape businesses. Those who have already been approved to engage in such business should have their business licenses revoked. All illegal units which have not been approved to engage in such business should be banned.

The circular stresses: In the future, no unit or individual will be allowed to import, sell, record, or show obscene videotapes under any excuse. Violators will be strictly punished according to the law. Efforts should be made to conscientiously investigate the sources and whereabouts of obscene articles, and plug up circulation channels.

Those units and individuals with obscene articles should be instructed to hand them in within a certain time limit.

CORRECTION TO LILUN YU SHIJIAN ON RURAL ECONOMY

In the article headlined "LILUN YU SHIJIAN on Problems in Rural Economy" published on pages S 1-S 5 in the 19 July China DAILY REPORT, page S 3 was not printed completely. The following page is a reprint of that page in its entirety.

We must create conditions to build central heating systems in townships and towns and use surplus heat to generate electricity so that we will be able to use more coal in industry and other trades. All enterprises and institutions should exercise strict control over the consumption of power and coal and take strong and effective measures to save every little bit of power and coal so as to solve the problem of an energy shortage.

Viewed from latent factors, the following problems are the main ones;

1. The peasants are content with their lot. We should teach peasants to do away with the idea of a small-scale peasant economy which seeks just sufficiency in food and clothing. The basic needs of food and clothing do not mean prosperity. The idea of the peasants being content with their lot is very popular in Haicheng. They are now satisfied with their lives because they can have solid food instead of a floury paste, they can wear clothes made of dacron and not of handwoven cloth, they can live in brick houses instead of mud ones, and they can afford bicycles, tape recorders, and television sets. They think that they fall short of the best but are better than the worst. Such living standards they are striving for are actually very low. This is in fact a reflection of the traditional idea of attaining sufficiency in food and clothing alone in the minds of contemporary peasants, an idea which stems from the thousands of years of a feudal small-scale peasant economy and the self-supporting and semiself-supporting economy. It is also an occurrence of the deep-rooted bad habits that peasants acquired from China's feudal society. There are also a small number of peasants who worry about a change of party policies. They intend to give up what they do now after they reap some profit. They do not want to be too rich as they are afraid that "a tall tree catches the wind." They think that they endured too much suffering in the past, and that they should now seek comfort as they have sufficient grain and money. This idea of being content with things as they are has affected a few leaders of villages and towns. As a result, these cadres can see the excellent situation alone but cannot make an analysis of outstanding problems. They set their eyes only on immediate interests, but pay no attention to long-term construction and do not guide peasants to develop production in depth and breadth. This is just a symptom of a trend, but we must watch out for it. The basic needs in food and clothing should not be regarded as prosperity.

2. One or two industries are swelling while some are withering. This problem of disproportion among industries should be solved. Developing industries in good proportion is a necessity for operation of the internal law and the mechanism of the agricultural production structure. If the development of various industries is out of proportion and if their relationship of helping each other progress and depending on each other is crippled, the function of industries will be blocked and will even perform a negative role. The gross output of industrial production in Pailou Town last year was nearly 20.34 million yuan, but the output of the mining industry made up 89.9 percent of the total output. In the past few years, the majority of newly built projects were related to the mining industry, but many trades working in conjunction with the mining industry such as the transport, commerce, and service trades remained very weak and could not meet the needs of the rapid development of the mining industry. Such a situation, which has also appeared in other townships and towns to varying degrees, must be changed, otherwise the preponderance will not disappear for a long time. This is something to which we must certainly pay attention. The departments concerned of the city must view the economic situation as a whole, formulate and adopt a scientific structural system, exercise systematical control, and make the structure of production more rational and scientific so as to bring into full play the role of the internal mechanism of the production structure.

3. Heicheng City has very few quality products and key enterprises, so it has to solve the problem of less profitable run-of-the-mill goods and less competitive products.

PRODUCTION DIFFUSION DISCUSSED IN GANSU

HK210645 Lanzhou Gansu Provincial Service in Mandarin 2300 GMT 20 Jul 85

[Excerpts] A Gansu provincial conference on diffusion and joint operations in product manufacture, convened by the provincial CPC Committee and government, concluded on 20 July. The meeting discussed and formulated a 3-year plan for this work covering the years 1986-88, further firmed up these year's projects, and studied policy regulations and specific measures for diffusion and joint operations in product manufacture.

Provincial CPC Committee Secretary Li Ziqi, Governor Chen Guangyi, and provincial CPC Committee Deputy Secretary Jia Zhijie spoke at the meeting. They stressed: We must have a clearer idea on the guiding idea on developing horizontal economic ties and launching diffusion and joint operations in product manufacture, together with the short-term goals of endeavor. The work must be based on bringing superior features into play, providing mutual benefit, improving economic results, and promoting common development. We must regard the key cities as the prop and the large and medium backbone enterprises as the main force, and organize and form specialized and socialized economic joint operations networks of various forms and scales, possessing Gansu characteristics, to lead forward the simultaneous development of the urban and rural areas, the large, medium, and small enterprises, and enterprises owned by the whole people and by the collective.

This year 221 projects of diffusion and joint operations in product manufacture should be undertaken. To achieve this, it is necessary to bring into full play the leading role of the large and medium backbone enterprises, continually increase the radiation ability of the cities, and regard the diffused production of good-quality best-selling goods as an important content of developing horizontal economic ties.

YIN KESHENG RESIGNS AS QINGHAI VICE GOVERNOR

HK220429 Xining Qinghai Provincial Service in Mandarin 1100 GMT 21 Jul 85

[Excerpts] The 13th meeting of the 6th Qinghai Provincial People's Congress Standing Committee concluded yesterday after completing its agenda. The meeting adopted a resolution accepting Yin Kesheng's request to resign from his post of provincial vice governor.

Song Lin, chairman of the Standing Committee, presided at the meeting. Also present were Vice Chairmen Yang Xilin, Qiang Jianhua, Xabchung Garbo, Ma Wending, Zhuojia, Wei Jinde, and Yang Maojia.

SHAANXI PLA PARTY MEETING DISCUSSES STREAMLINING

HK220557 Xian SHAANXI RIBAO in Chinese 10 Jul 85 p 1

[Report: "CPC Committee of Provincial Military District Holds Enlarged Meeting"]

[Text] From 5 to 9 July, the CPC Committee of Shaanxi Military District held an enlarged Standing Committee meeting attended by the principal responsible comrades of military subdistricts and subordinate units, to convey and implement the spirit of the enlarged meeting of the Central Military Commission.

At the meeting, Wang Lanjiang, secretary of the CPC Committee and political commissar of the military district, and Ji Tingbi, deputy secretary of the CPC Committee and Commander, conveyed the spirit of the enlarged meeting of the Central Military Commission. Through serious study and discussion, the leading comrades at all levels attending the meeting further enhanced understanding and unanimously pledged to resolutely support the strategic policy decision of the CPC Central Committee and the Central Military Commission on restructuring, streamlining, and reorganizing the Armed Forces; to subordinate themselves to the overall picture of the revolution; and to obey the party's assignment, whether in remaining in the Army or leaving it. The meeting also studied and decided on measures for launching streamlining and reorganization in the provincial military district system.

Bai Jinian, secretary of the provincial CPC Committee and first political commissar of the military district, spoke at the meeting on the afternoon of 9 July. On behalf of the provincial CPC Committee and government he expressed active support for the streamlining and reorganization work in the PLA Units. He warmly welcomed demobilized PLA cadres sent to the province for resettlement. He pointed out that they must be properly resettled, patiently cultivated, and rationally employed. Efforts should be made to enable the demobilized PLA cadres to fully play their role in the localities and make new contributions to the four modernizations.

XINJIANG CRACKS DOWN ON ORGAN, CADRE BUSINESSES

HK220445 Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 18 Jul 85

[Text] Industrial and commercial administrative departments at all levels in the region have dealt seriously with the cases of party and government organs and the party and government cadres doing business and running enterprises. By the end of June, the whole region had handled 125 enterprises run by party and government organs and people's organizations and the cases of 818 party and government cadres doing business and running enterprises. It had dealt with them respectively in accordance with the situation.

Since the State Council issued the decision on strictly prohibiting party and government organs and the party and government cadres from doing business and running enterprises, industrial and commercial departments at all levels throughout the region have vigorously started dealing with cadres. Of the 125 enterprises run by party and government organs and people's organizations that have already been clearly investigated, 93 have been dealt with. Of the 93 enterprises, 49 have severed relations with their original organs or are now being managed by units in compliance with regulations, 12 have closed down and dissolved, and 2 have been banned. Of the 818 party and government cadres doing business and running enterprises, 764 have stopped doing business and running enterprises. At the same time, industrial and commercial departments at all levels in the region have investigated one by one all new companies that have been established since last year. Of these 155 companies that do not comply with regulations, must be reregistered; 23 companies have been suspended; and the licenses of 36 briefcase speculative companies have been revoked.

OFFICIAL BULLETIN ON NUCLEAR POWER PLANT FIRE

OW221015 Taipei CNA in English 0951 GMT 22 Jul 85

[Text] Taipei, July 22 (CNA) -- For the first time since the July 7 fire, the Taiwan Power Co. issued an official bulletin on how the accident happened and what the company has done to date on the damaged generator at the nuclear power plant No. 3 at Hengchun, Pingtung County.

The fire occurred at 5:21 P.M. on July 7. Everything was normal when a new shift took over at 4 P.M. At 5:21 P.M., the control room and other plants felt what people described as a quake. It was not serious quite intensive. People working in the plant soon spotted black smoke belching out from the turbine room. Available hands in the plant battled the fire with fire extinguishers provided in the plant. Soon foam trucks arrived from Hengchun. The fire was put out by 7:35 P.M. though the turbine continued to emit black smoke. By 8:10 P.M. all the smoke was gone.

The next morning, the outer hood manhole of the low pressure turbine was opened in the presence of two senior Taipower officials. Eight pieces of rotating blades inside were gone. Several blades were broken, though they remained in place. Taipower engineers surmised that loosened blades hit the rotor, damaging a seal, releasing hydrogen. The hydrogen caused fire when it came into contact with the carbon brush in the exciter.

The first General Electric engineer arrived from Korea, later going back to the United States, taking with him a broken rotating blade and carbon brush for examination. More GE engineers arrived, numbering 10 at present. GE supplied the turbine and generator.

Taipower engineers expect the whole unit can be dismantled by July 25 and then the exact cause can be determined.

GE has reportedly agreed to send parts needed for the repair to Taiwan as soon as possible. GE has so far not mentioned the cost to Taipower, said Li Kan-chang, deputy director Nuclear Generation department. It costs Taipower NT dollar 10 million (U.S. dollar 250,000) a day if the No. 1 generator remains idle.

Dismantling To End 24 Jul

OW230529 Taipei CNA in English 0238 GMT 23 Jul 85

[Text] Taipei, July 22 (CNA) -- Engineers and specialists have already begun to do some tests and analyses of the parts taken from the damaged generator at the third nuclear power plant in order to facilitate the recovery work, the Taiwan power company said Monday.

Taipower said in addition to the ten specialists from General Electric, another civil engineering specialist from Bechtel Corporation also arrived in this nation Monday to participate in the examination and rescue work.

The dismantling of the first and the second low pressure turbine compressors, the high pressure turbine compressor and the generator have already been completed. If everything goes well, all dismantling work is scheduled to be completed by July 24, Taipower said.

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Taipower also pointed out that two specialists from MPR Associates will arrive in this nation Tuesday to serve as an independent third party in probing the cause of the accident.

Both Taipower and GE personnel have expressed welcome to the arrival of the two specialists, saying that they believe the evaluation report by the two specialists will be impartial, objective and helpful to finding out which party should be held responsible for the accident.

PAPER WARNS AGAINST TRADE WITH MAINLAND

OW191131 Taipei CMA in English 0930 GMT 19 Jul 85

[Text] Taipei, July 19 (CMA) — A local newspaper Friday called on ROC manufacturers not to rely on Communist China as their main market. The instability of that market and the possibility of it being a source of "united front" tricks, it warned, could lead to sudden cancellations of orders.

Commenting on the recent closing of the Paijifa Industrial Co., Taiwan's top exporter of motorcycles in the past two years, the CENTRAL DAILY NEWS said in an editorial that the incident should serve as a warning to those who are engaged in indirect trade with Communist China, and it should prod the ROC Government to take steps to protect local makers.

The editorial said that Paijifa fell into a serious financial crisis after an order of 4,200 motorcycles from Hong Kong, which were reportedly destined for mainland China, was suddenly cancelled in early July.

The editorial said that the Chinese Communists have been notorious for their failures to honor promises or a business contract. Doing business with Peiping is risky and dangerous, the editorial said.

Quoting a businessman who is familiar with Hong Kong's transshipment business, the editorial said that many Hong Kong businessmen are vulnerable to Peiping's shifting attitudes and policies. Hong Kong currently has U.S. dollar 150 million worth of "stranded" merchandise, including household electrical products and textiles, which were originally ordered by Communist Chinese businessmen and then abruptly cancelled.

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EDITORIAL ON DIFFICULTIES IN SINO-JAPANESE TRADE

HK230506 Hong Kong WEN WEI PO in Chinese 23 Jul 85 p 2

[Editorial: "Sino-Japanese Trade Faces Difficulties"]

[Text] China's foreign exchange reserves have dropped drastically. According to statistics issued by the central authorities, during the first quarter of this year, they were reduced by about \$3 billion. The central authorities have adopted urgent measures to exercise control over the use of foreign exchange.

In this regard, the Chinese deficit in Sino-Japanese trade is a comparatively serious problem.

Since the implementation of the open-door policy, Sino-Japanese trade has increased by a big margin. Total trade volume last year was \$12.7 billion, accounting for one-quarter of China's total foreign trade volume (\$49.9 billion). Japan is China's biggest trade partner. China has imported a large quantity of textile equipment, iron and steel products, automobiles, electrical appliances, and so on from Japan. In the meantime, China has exported crude oil, coal, agricultural and sideline products, and so on to Japan. Helping supply each other's economic needs has had a positive influence on economic development for both sides. However, for a longer period of time in the past, Sino-Japanese trade has always faced a serious problem of a trade imbalance in foreign exchange. Last year, the Chinese trade deficit was \$2 billion. This year China has allocated a large amount of funds to import high-grade electrical appliances in order to speed up the process of withdrawing currency from circulation and quell price hikes at home. Most of these products are probably imported from Japan. Due to increasingly great demand in the domestic market, China's exports of crude oil to Japan, which was the largest export product, have dropped. In the meantime, Japan has restricted the import of rice straw and straw products from China. The contracts Japan has signed with China on the import of silk cloth have not been effectively executed. China's trade deficit in Sino-Japanese trade has rapidly increased because of all this. As revealed by a dispatch of the XINHUA NEWS AGENCY, during the first 4 months of this year, the Chinese trade deficit had already reached \$1.9 billion. According to statistics issued by the Japan External Trade Organization, during the first half of this year the Chinese trade deficit was \$2.837 billion, which was close to the drop in China's foreign exchange reserves during the first quarter of this year.

If China's trade deficit in Sino-Japanese trade grows unchecked, it will be difficult for both sides to continue their trade. As predicted by sources concerned, Japan's exports to China during the latter half of this year will surely drop. China has adopted strict measures to exercise control over the use of foreign exchange. In particular, the imports of daily-use goods will be restricted. Sino-Japanese trade will be the first to be affected by these measures.

1. In China's foreign trade, its large trade deficits mainly occur in Sino-Japanese trade. During the first quarter of this year Sino-U.S. trade increased by 20 percent. The Chinese trade surplus was \$169.4 million. The mainland has become the second export market of Hong Kong. Such being the case, the interior still has large surplus in its trade with Hong Kong. Therefore, to achieve a balance between income and expenditure in its foreign trade, China must improve the present situation in Sino-Japanese trade.

2. In the course of importing advanced technology, China has placed high hopes on Japan. However, Sino-Japanese economic and trade relations are largely restricted to the exchange of commodities.

Up to now Japan has only made an investment of \$90 million or so in China. According to a recent report by GUOJI SHANGRAO foreign investment in China has reached \$4 billion. Japan has ranked first in China's foreign trade. However, as far as investment in China is concerned, Japan has lagged far behind. Investment is closely connected with the import of technology. Japan has adopted a very conservative attitude toward its export of technology to China. Its purpose in so doing is obviously to occupy China's market for a long time. It does not want China to become its rival in competition.

3. Japan's attitude of repelling foreign products is always criticized by various Western countries. Various Southeast Asian countries also have a lot of complaints about this. Ostensibly, Japan neither sets any strict tariff barrier nor imposes any rigid quota restrictions on imported goods. However, the structure of industry and commerce in Japan is very tight. It is difficult for foreign goods to enter the Japanese market. Measures taken by Japan ranging from a strict inspection system, restrictions on advertising, barriers set by Japanese manufacturers, and others have made the Japanese market an "impenetrable market." Since China cannot expand its exports to Japan, it cannot increase its imports from Japan.

To improve and develop Sino-Japanese economic and trade relations, Japan must readjust its trade policy for China. Japan is a technical center of the contemporary world, whereas China is a big country in the world rich in natural resources. If they can cooperate well, they will be greatly benefited, in particular when the battle of trade with the West has become increasingly acute.

MING PAO VIEWS PROBLEMS IN PLA REORGANIZATION

HK230429 Hong Kong MING PAO in Chinese 23 Jul 85 p 5

[**"Special Dispatch From Beijing": "Problems Emerge Among Army Officers Over Issue of Leaving the Army or Remaining in It; General Political Department Demands They Take Account of the Overall Picture, Complete the Task of Streamlining and Reorganization"**]

[Text] In the course of the Army streamlining and reorganization work, the following problems have emerged among Army officers over the issue of leaving or remaining in the Army: First, some officers have failed to take the overall situation into account. They haggle about personal gains or losses and obsessively ask for preferential treatment. Second, some leaders accommodate the officers who are to be transferred to civilian work, relax Army discipline, and seek good relations with all and sundry at the expense of principle. These two interactive problems have led the streamlining and reorganization work into a passive position and even to confusion.

Aimed at such a situation, the General Political Department issued a circular on 26 June calling on all units to take the overall picture into account and abide by discipline and law in the course of reform, streamlining, and reorganization. The circular emphatically pointed out:

The Army should conscientiously conduct ideological education in serving state construction so that all officers and men can have the cardinal principles in mind and take the overall situation into account, practice unity, observe discipline, and resolutely accomplish the task of streamlining and reorganization.

The Army should strengthen leadership over the work of Army and people jointly building spiritual civilization. In light of the actual situation of streamlining and reorganization, it is necessary to do well the readjustment and handing over work of the civilised units jointly built by the Army and people, effect a rational distribution, ensure the key points, use the experience of selected units to promote work in all areas, and give full play to the exemplary role of the civilised units jointly built by the Army and people.

The construction of state and local projects undertaken by the Army should be done well from start to finish. They must not be left half done which may cause economic loss to the state.

The real estate vacated by the Army after streamlining and reorganization should be handled strictly according to the stipulations of the State Council and the Central Military Commission. Units or individuals must not be allowed to handle the real estate without permission from the Central Military Commission and the General Political Department. Leased land must be appropriately returned.

Officers and men of the Army should conscientiously respect the local governments, abide by discipline and law, and ensure that violation of discipline and policies will not occur in streamlining and reorganization work. Each level should be responsible for examining the implementation of policies and enforcement of discipline at the next lower level. If problems occur, measures must be immediately adopted to solve them as quickly as possible.

If any work or problem in the Army streamlining and reorganization involves the local government, the Army should make explanations to the local CPC committee and government and enlist their support and help. With regard to the outstanding problems, the Army and locality should make concerted efforts to solve them in accordance with the principles of taking the situation of the whole into consideration, mutual understanding, and mutual benefit.

It is also learned that since the beginning of the streamlining and reorganization work, some abnormal phenomena have emerged in the Hubei Military District: Before receiving their notice of transfer, some officers have privately gone to the locality to secure advantages through influence and look for better jobs. After receiving notice of transfer, some officers make excessive requests and even refuse to report for duty.

In connection with the circular of the General Political Department, the Hubei Military District CPC Committee made a 6-point stipulation on 1 July on strengthening party leadership over Army officers in the course of streamlining and reorganization:

1. Every office must strictly abide by discipline and unconditionally subordinate himself to the needs of streamlining and reorganization. Those who are to leave must resolutely leave, while those who are to stay must stay with pleasure.
2. It is the collective decision of the CPC committee and not any individual that determines who will stay or leave. No individual must be allowed to change the decision of the CPC committee.
3. Children and relatives of the officers, officers working at the side of leaders, and other officers should be equally treated without discrimination. They should not be accommodated or enjoy special treatment.
4. The officers to be transferred to civilian work must stand fast at their posts before receiving any order of transfer.
5. Retired officers must not take any civilian posts.
6. The Standing Committee of the provincial military district CPC Committee should start the streamlining and reorganization work itself and ask the lower levels to supervise its work.

In the course of implementing the "6-point stipulation," the CPC Committee of the Hubei Military District has commended the party-member officers who have taken the overall situation into account and observed discipline, educated and persuaded those who practiced individualism and who failed to observe discipline, and seriously dealt with those who have created a bad impression.

JOINT VENTURE OIL REFINERY FACING DELAYS

HK220545 Hong Kong SOUTH CHINA MORNING POST (BUSINESS NEWS supplement) in English
22 Jul 85 p 2

[By Olivia Sin]

[Text] Five years after Chintex Oil and Gas Co formed a joint venture with China to build an oil refinery in Zhanjiang, the project is still far from completion. A recent visit to Zhanjiang revealed that the site reserved for the refinery is mostly empty with no construction work going on. Zhanjiang officials told BUSINESS NEWS the necessary funding for the project is not forthcoming. They added Chintex has difficulty finding enough oil to feed the plant. The construction of the refinery is the principal activity of Chintex, a publicly-listed Hong Kong company controlled by Mr James Coe. Situated in the western part of Guangdong Province, Zhanjiang is also a supply base for the South China Sea exploration programme.

In January, Chintex announced that Chinese authorities had agreed to guarantee a bank loan to complete the project. It said the plant will be completed and production started before the end of the year. Now, the chances of the project being completed this year are remote. Even if it is completed, the project would be two years behind schedule as its first two stages were supposed to be operational in 1983.

Industry sources said because of the long delay, the Chintex project may not be as promising as it was originally thought. The present oil glut and falling prices have forced many refineries worldwide to close shop in the past three years. The sources said unless Chintex obtains favourable terms from China, such as cheap oil supplies and a strong loan guarantee, banks would not be too enthusiastic to provide financing for the project.

Alternatively, there might be more justification for the Chintex refinery if big oil fields were found offshore. However, the South China Sea, as it now stands, is unlikely to produce large amounts of oil before 1990. The sources added that Chintex's planned refinery will face keen competition from the nearby Maoming refinery in Guangdong. Even Singapore's refineries are not far off either. The fact that China has started making use of Singapore's refineries casts further doubts on the feasibility of the Zhanjiang project. Maoming refinery, with an annual capacity of five million tons, is the biggest in southern China. According to Chinese officials, Maoming will invest about 500 million renminbi (about HK\$1.35 billion) to upgrade and expand the refinery over the next five years.

Meanwhile, sources close to Mr Coe told BUSINESS NEWS Chintex needs an additional U.S. \$15 million to complete the project. They said loans on the format of project finance are being arranged by unnamed overseas financial institutions. While conceding that the world situation does not warrant the building of new refineries, the sources argued that the situation in China is different. "Some people might think that Mr Coe is an idiot (in trying to build an oil refinery)," the sources said, but he is still optimistic about the feasibility of the project, said to be the first joint venture oil refinery in China. The sources pointed to the need of modern oil refining technology and equipment in China where most of its 45 oil refineries are backward. Besides, Chintex's project is supported by Beijing authorities, they claimed. Chintex said China has agreed to guarantee its bank loan and provide technical back up for the project. But details of the bank guarantee were not disclosed. The sources claimed that by special arrangement, Chintex will be able to obtain cheap crude from the spot market at a price lower than the average.

They also said the overhead costs of running refineries in China will be lower than other parts of the world. Since China provides land, Chintex has saved a lot on land premiums. Labour and technicians are also expected to be cheaper in China.

The sources said the long delay in getting bank loans stemmed from the difficulty of securing a guarantee from China. But that hurdle has been cleared, they claimed. Chintex unsuccessfully tried to raise HK\$48 million in 1983 by placing new shares, said the sources. Lack of cash has since stalled the project.

According to Chintex, the state-owned China Petro-Chemical Corpn (Sinopec) has agreed to assist the company design important installation units of the plant. Sinopec will design the crude oil distillation and residue catalytic cracking (RCC) units. It will also guarantee the viability of the refinery operation and technology of the RCC de-signing, an advanced refining technology.

The sources said the oil distillation unit only effectively refines up to 75 percent of the crude and the rest is wasted. The RCC will turn the residue 25 percent into usable petroleum products and thus generate more profit for the operation.

The sources said Chintex has so far spent U.S.\$15 million on the project, including the purchase of crude distillation unit and large-scale piling work on the site. The piles are needed to give a solid foundation for building oil storage tanks. The sources said if financing is ready, it will take a year before the project can be operational. "Our target (of starting operations) is next year," the sources said. They said the refinery will start small-scale production by refining 500,000 tons (or 3.5 million barrels) of oil a year.

In June 1980, Chintex, through its wholly-owned subsidiary, AmPac Oil Ltd, established a joint venture with the Guangdong Petroleum Chemical Industries Corp (GPCIC) to build the Zhanjiang refinery with a total capacity of 25,000 barrels a day (9 million barrels a year). According to the agreement, the first two phases, costing about U.S.\$15 million, will refine 10,000 barrels a day (3.6 million barrels a year). \$15 million was for the purchase of oil distillation unit. But the cost will be higher now as Chintex wants to buy the RCC unit.)

The next three phases to be completed within three years after the completion of the first two stages will provide an extra capacity of 15,000 barrels a day. Under the agreement, AmPac is responsible for the construction and the financing of the project and GPCIC will provide 100 hectares of land. The agreement said the plant will use crude and waste oil obtained by AmPac from outside China.

The 1983 prospectus outlining Chintex's placement of shares painted a rosy picture of the prospects of the refinery and played up the importance of the South China Sea Oil exploration. An GPCIC official, who is responsible for the project, Mr Chen Ginsheng, told BUSINESS NEWS from Guangzhou that he did not have details of Chintex's loan facility. "Mr Coe only told me that the arrangement for the loan facility is nearing completion," he said, adding that he did not know which Chinese department agreed to act as the loan guarantor. Mr Chen said Mr Coe had once requested GPCIC to provide guarantee for the bank loan. But since Mr Coe did not provide GPCIC with necessary information on the financial strength and assets of Chintex, GPCIC turned down his request, he said. "Mr Coe showed us the shares of his company but we don't regard that as adequate security since the value of shares is changeable," he said. As of March last year, Chintex had HK\$3 million worth of fixed assets, mainly in long-term leasehold properties.

The figure excludes the money Chintex spent on its Zhanjiang refinery. Mr Chen said since market situation has changed over the past few years, it now appears that only big refineries are cost-effective. "We think operating costs for a refinery with a throughput of one million tons or more a year will be lower," he said. But Chintex is only planning for a 500,000 tons refining capacity a year, he said. Mr Chen confirmed that Mr Coe has spent more than U.S.\$10 million on equipment and piling work. He said the crude oil distillation unit has arrived in Zhanjiang and a team of technicians from GPCIC is looking after the equipment. He also said piling work for the oil storage tanks has been completed. Mr Chen estimated that Mr Coe would need an extra U.S. \$25 million to complete the first two stages. The \$15 million will be for the equipment and \$10 million as operating funds for purchasing crude, he said. Apart from the RCC unit, he said money will be needed to build oil tanks of varying capacity. He said GPCIC had requested Mr Coe to discuss the project but was told that Mr Coe was too busy. In view of the delay, he said part of the original contract with Chintex will have to be amended. "There is no penalty clause...we appreciate the difficulty in investing in China...we hope the project will materialise as soon as possible," he said.

Mr. Chen said the profit ratio is likely to be amended in Mr Coe's favour in view of his difficulty in getting finance. In the original contract, the refinery is to be handed over to GPCIC 18 years from the date of operation, subject to negotiation. Chintex will take 60 percent of the net operating profit in the first six years. Its share will be reduced to 50 percent in the next six years and to 40 percent in the remaining period.

REGIONAL AIRLINES SEEN FACING FURTHER DELAYS

HK220609 Hong Kong SOUTH CHINA MORNING POST (BUSINESS NEWS supplement) in English
22 Jul 85 p 2

[By "Air World" columnist Robert Mayerson: "China Airlines Face Dealys"]

[Excerpts] The establishment of independent regional airlines in China is being delayed while administrative and financial details are worked out, according to the vice-president for international sales of Boeing Commercial Airplane Co, Mr. R.P. Norton. Mr Norton was visiting Hong Kong last week on his return from Chengdu, where he signed a U.S.\$100 million contract for the sale of four twin-jet 737 aircraft to Southwest Airlines, a joint venture set up by Sichuan and Guizhou Provinces and China's national airline, the Civil Aviation Administration of China (CAAC). "It's taking longer than anticipated to work out the details," he said. "The big shift is not going to take place this year, it will be next year."

Mr. Norton, who was also instrumental in the sale of two 737s to the independent Yunnan Province airline late last year, confirmed that regional aviation in China will be based on a two-tier system with the planned break-up of the CAAC monopoly. Beijing-based Air China will handle international and north China services, he said, while CAAC branches headquartered in Shenyang in the northeast, Shanghai, Chengdu and Guangzhou will be elevated into independent carriers. The second tier will be made up of airlines set up by provincial or regional authorities such as Xiamen Aviation, which is already operating from Fujian Province and the Yunnan company. "The plan is that they will all act like competitors as a way of improving service standards," Mr. Norton said, adding he sees no difference in the central authority's attitude towards the CAAC branch carriers and those airlines being set up independently. Aircraft purchasing will still be centralised, routes will be assigned by CAAC and fares are likely to be standard, he said.

Despite the apparent haphazard way in which new airlines are springing up, the central planners at CAAC have rejected applications by some regions to set up their own carriers, Mr Norton said. He declined to give further details. "CAAC's general administration has a plan," he said. "Nobody knows what it is but they've got one." Chinese aviation standards have risen tremendously in the past five years, Mr Norton added, although there is still much work to be done. "CAAC's management appreciates their shortcomings and they are working to overcome them," he said. "They're going about this very carefully and very thoroughly." He added that as of next month there will be more than 240 technicians training at Boeing's Seattle headquarters.

Boeing has recently been the most successful aircraft manufacturer in sales to China, with 14 planes committed in the past eight months. Sales successes include the six 737s purchased by Yunnan and Southwest as well as five more taken by the Guangzhou CAAC branch and three aircraft -- two 767s and one jumbo -- contracted for by Beijing. But the other American aviation giant, McDonnell Douglas, has signed a longterm contract with Shanghai's Aviation Industrial Corp to assemble 25 MD80 twin-jets in China. McDonnell Douglas also sold two MD80s to CAAC's Shenyang region. Meanwhile, the European Airbus consortium, has so far this year sold only three widebodied A310s to Shanghai CAAC. Said Mr Norton: "We have had a close relationship with CAAC since we sold them 707s in 1972. Douglas took a different approach by working with the Chinese industry in Shanghai. Airbus only started looking at China's a short time ago." Mr Norton added he expects China's aircraft buying spree to slow down next year, although sales of some jumbo jets to the regional carriers may be in store in the near term. Only the Beijing branch of CAAC currently operates 747s. "They need to stop and absorb what they've taken so far."

In the long run, though, Mr Norton is confident that aircraft sales to China will burgeon with the sharp growth of Chinese aviation. He quoted the new head of CAAC, Mr Hu Yizhou, as saying domestic passenger and cargo traffic grew by 40 per cent last year compared with 1983. The total for the first quarter of this year was 60 per cent higher than the same period a year earlier. "It's awfully hard to get a seat on an airplane in China," Mr Norton said. "The planes are all full." He added, aircraft sales to China's new regional carriers still need to be approved by three parties -- the regional airline, CAAC and China Aviation Supplies Corp (CASC), the purchasing arm of the central authority. "You have to convince the regional airline it is the right aircraft for them. Then you have to convince CAAC's general administration. The actual negotiation is where CASC comes in."

Southwest Airlines, which is still awaiting formal approval by the central authority, expects to begin operating in January after taking delivery of its first 737 in November. The airline will also operate 707s and Soviet-built aircraft which are already in use by the regional CAAC branch. Southwest will serve local airports and major Chinese trunk routes, and the airline management has expressed interest in flights to Hong Kong if they can be approved, Mr Norton said. "Everybody wants to fly to Hong Kong," he added.

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